



HOUSE OF COMMONS

## Foreign Affairs Committee

Oral evidence: [Resignation of Lord Hill of Oareford from the European Commission](#), HC 900

Tuesday 10 January 2017

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Members present: Crispin Blunt (Chair); Ann Clwyd; Mike Gapes; Mr Mark Hendrick; Mr Adam Holloway; Daniel Kawczynski; Ian Murray; Andrew Rosindell; Nadhim Zahawi.

Questions 1-43

Witnesses

[I](#): Lord Hill of Oareford.

## Examination of Witness

Lord Hill of Oareford.

**Q1 Chair:** We are very grateful to Lord Hill of Oareford for coming to give evidence on his leaving the European Commission and wider issues that might be helpful for the Committee and the public to reflect on, given his experience.

First, Lord Hill, could you tell us in your terms why you resigned from the Commission?

**Lord Hill:** Because I thought it was the right thing to do. We all have a basic problem in public, political and business life, which is that when big things happen, the public think that consequences do not seem to flow. I felt that this was the biggest change in Britain's economic and political relationships for half a century, so it is a huge change. For someone to sit there as though nothing at all had changed was, I thought, wrong in principle.

**Q2 Chair:** Had you decided before the referendum to resign in the event of a vote to leave?

**Lord Hill:** Yes, I think so. I did not expect that to be the result, but I know from having been involved in discussions about political resignations in the past, from different jobs, that if you are going to resign, you need to be very clear that you are going to do it, because you are surrounded by all sorts of people who, for a mix of different reasons and who are normally trying to be nice, say, "You shouldn't do it." I was clear that, was the remain side to lose, and were we to vote to leave, I thought it was the right thing to leave, yes.

**Q3 Chair:** Had you had a discussion with anyone in the British Government before you made that decision?

**Lord Hill:** Bearing in mind that, in the job I was doing there, I was working for the Commission as a commissioner, I had told both ends that in the event of Britain voting to leave, which I didn't expect, I would stand down, yes.

**Q4 Chair:** So it did not come as a surprise to the Prime Minister at the time?

**Lord Hill:** At the time, I think he was preoccupied with other things, on 24 June. People were certainly aware that that was my intention. The honest answer is that I guess you'll never know exactly what you'll do until it happens. If you are going to resign on what I would see as grounds of principle, you have obviously got to do it straight away and fast.

**Q5 Ian Murray:** Lord Hill, how did the Commission react to your resignation?



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**Lord Hill:** There are a number of facets to that. If I remember, the President of the Commission tried to dissuade me from going. My colleagues appeared to be upset that I was going, but then people are very polite in Europe. There is the question about Commission staff—Brits in the system—because for them, in a way that we are not used to in the system here, the whole event, and what happened in quick order in the UK, with me going, was quite a traumatic moment. I think that people were kind, but they understood why I felt that in principle it was the right thing to do to go.

Q6 **Ian Murray:** Did anyone in the British Government try to dissuade you from resigning?

**Lord Hill:** Yes. At both ends, people said to me, "Why would you do that? Are you sure that is what you want to do?" I was sure that that was what I wanted to do.

Q7 **Mr Hendrick:** On reflection, is there anything that either you could have done or you think should have been done prior to the referendum campaign that would have made the outcome of it different, and would have led to you obviously not needing to resign because you had won the referendum?

**Lord Hill:** If you start with me, I don't think so. In terms of the difference that one is able to make in the balance of things, you have to be realistic about the difference that an individual commissioner can make.

Obviously, I have thought about it a lot since, and I conclude that this vote was a long time coming. When you look at the other 27 and at us, if I were to simplify, I would say that the other 27 in different ways all feel that being a member of the European Union has added something—rule of law, investment, security, stability, democracy, or emerging from dictatorship. I think we collectively always kind of felt that it has maybe taken something away, because we had all those things before we became members. For a long time, I think there has been a different basic outlook.

If I look back over a period of time, the nature of our web of relationships with other European countries has been shrivelling in recent years. We have been less engaged—that is a point across Governments—and that is something to do with the different nature of our politics from their politics. We basically have a transactional nature of politics and they have a relationship-based nature of politics. When you look at our system from outside, all the things that I completely took for granted as being part of British politics—the language we use, the confrontational nature of our debate, and the discourse in our media, which we all just think of as being normal—it looks quite odd.

Q8 **Mr Hendrick:** Looking at it again, in terms of the hand that the Prime Minister was dealt and the final offer, prior to the referendum, on what would be the benefits of Britain remaining, do you think that was the best deal he could have got and should have got? Would anything have made a difference to the outcome?



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**Lord Hill:** I think it was the best deal that he could have got. It was the best deal that was on offer, by definition. You can certainly question after the event what people in Europe had thought about the deal, which people in Britain maybe felt did not go far enough on free movement of people, and what would have happened if they had been able to address that differently, and there had been a different result, and we had therefore voted to stay in. You know, there are quite a lot of big ifs there.

At the time, the core question was around the four freedoms, which lay at the heart of that negotiation, and therefore the appetite in other European states for moving on free movement of people. Although, looking at where we are now, I think the Prime Minister is right to say that things aren't 100% binary in terms of European negotiation, nevertheless there are some pretty broad parameters. I think that the question of free movement is one of those. I don't think that there was a better deal on offer, and that if people had pushed harder, or if official advice had been more robust, there would have been a different result.

- Q9 **Mr Hendrick:** Finally, on the issue of free movement, which you mentioned, and the difficulties that the other 27 have with it, without wishing to pour cold water on the forthcoming negotiations after article 50 has been triggered—I am sure that you would not do that—what do you see to be the basic dangers in getting any sort of a deal? Obviously, the free movement principle is fairly fundamental.

**Lord Hill:** When you think about all the various permutations that people talk about, however they want to define it—hard, soft; grey, black, white; red, white and blue—I think there is a prior issue, in terms of approaching the negotiation with our European friends. There are clearly some parameters and principles, and the European political system has values underpinning it, but its day-to-day work is as a sort of deal-making, trading system, so it spends its time thinking about how to do deals. My maybe simplistic view is that if you start by trying to work out what your shared objectives from a negotiation are, you have a better chance of having a grown-up discussion about some quite difficult issues of principle. If you can establish a set of shared goals based on a common history, common values and areas where we should have a common future—defence, security or whatever else it might be—you have something to work with when you get into the negotiation. If you start the other way round, with building blocks of demands, it is going to be harder to have what I would think of as a grown-up discussion.

- Q10 **Mike Gapes:** You resigned on 25 June, if I am correct.

**Lord Hill:** Yes.

- Q11 **Mike Gapes:** Did you leave your post immediately at that point?

**Lord Hill:** No. What I said to the Commission President was that I obviously wanted there to be as orderly a handover to whoever would take over my portfolio as they wanted. I would stay as long as they wanted and I would go as early as they wanted, because I wanted it to be handled sensibly. By the same token, once you have decided you are giving the



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portfolio to someone else, which they announced on the same day that I went, people don't want you hanging around any longer than they need you to hang around, because the next bloke needs to get on with the job. It was 15 July, I think.

- Q12 **Mike Gapes:** That was the week after David Cameron, in his lame-duck period, announced that Sir Julian King, the ambassador to France, was going to succeed you.

**Lord Hill:** That sounds about right. I can't remember the sequence.

- Q13 **Mike Gapes:** He did not actually take his post up until 19 September, so there was a gap of a few weeks.

**Lord Hill:** Yes, there was a gap when there was not a British commissioner.

- Q14 **Mike Gapes:** Were you concerned that there was that gap, so there was no one giving a British perspective within the Commission in that period of several weeks?

**Lord Hill:** With all of these things, you look at it and make a judgment about what you think the right thing to do is. My starting point, which I didn't see a way around, was the matter of principle that "You've got to go." I said I was prepared to stay for as long as anyone wanted me to. It is also true that, if you think of that in practical terms, the period where there was not a commissioner was also the point where there weren't any commissioners because they were all on summer holidays.

- Q15 **Mike Gapes:** So the Commission shuts down, does it?

**Lord Hill:** Like here—August. I think in practice that the effect of that was modest. People have said to me, "Did your going lead to a diminution of British influence in the system?" to which my answer is that the thing that led to a diminution of British influence in the system was the vote.

- Q16 **Mike Gapes:** Of course; I am not going to disagree with you on that. The position that Sir Julian took was to be in charge of the security union issue, which apparently focuses on counter-terrorism. That is a new appointment, isn't it?

**Lord Hill:** Yes.

- Q17 **Mike Gapes:** Did you take the view, following the referendum, that even if you had not resigned, you would still have been able to retain your existing portfolio of financial services?

**Lord Hill:** For me, that was the second-order issue, but if you think of it from a practical point of view, it is inconceivable that I could have kept it. Given that when we come to the negotiation, financial services and the contribution that they make to the British economy is so central, even I would have been hard-pressed to say anything other than that there is a conflict of interest. Quite quickly in the European Parliament, even as I was in the process of resigning, people were starting to say, "This bloke must be stripped of responsibility for financial services."



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**Q18 Mike Gapes:** That would not have been a decision, at that stage, for the Parliament.

**Lord Hill:** No, it wouldn't have. It is a decision for the Commission, but as you know, the system works over there as a kind of rolling conversation between Parliament, Commission and Council. Although I am quite sure that the Commission's starting point would have been that I should have been able to carry on, I think, if I'm honest, that the political pressure to remove me from that would have been too difficult for them to resist.

**Q19 Mike Gapes:** But to be clear, that wasn't the reason you resigned. You resigned because you felt that you couldn't—

**Lord Hill:** The point about the job and all the rest of it became clear afterwards. But even if I hadn't taken the view that I did, I think I would have stayed there in a wardrobe doing something else.

**Q20 Mike Gapes:** Or have been given security and terrorism.

**Lord Hill:** I don't know what would have happened.

**Q21 Daniel Kawczynski:** In terms of lessons learned from the earlier renegotiation by Mr Cameron, what lessons can the current Government take from that process, given that we were involved for over a year in attempting to renegotiate our position?

**Lord Hill:** I think that there are a number of basic points about negotiation. People being clear what the British Government's position is as soon as possible is extremely important, because at the moment there is a certain amount of uncertainty.

When you are in a situation where there isn't certainty and when you are emerging from, and are still in, a politically polarised environment, people have a tendency to think the worst of each other. If I can put it like this, at both extremes of the debate in Brussels and in the UK, there are people who enjoy winding each other up and feeding off each other for completely opposed political objectives.

Again, my not very original thought is that the other thing that you need is clarity of purpose. You need to understand the position of the people you are negotiating with, and what the market may or may not bear, and then push it as much as you feel you can. You also want to try to approach it in—as with my earlier point about shared objectives—as calm an environment, to avoid accidents, as you can get to. Those would be my top three, but they are kind of general observations about how to negotiate with the European system.

**Q22 Daniel Kawczynski:** Conversely, what lessons do you think the EU institutions have learned from the British renegotiation and, ultimately, the people's rejection of those renegotiations?

**Lord Hill:** Again, good question. I am not sure I can answer, because the—

**Q23 Daniel Kawczynski:** Are they wanting to learn?



**Lord Hill:** Yes. I would draw a distinction between the public position that people feel they need to adopt—which would be the same with us the other way—and what people will say to you in private. Most people I talk to over there would say they hope we can get through this process in a sensible way, and that, as we go our separate ways, it would be a good thing if we can avoid things going wrong that we do not want to go wrong happening by accident. They think that the sensible thing to do is therefore to talk to each other and to approach things on the basis of good faith, rather than a dialogue of the deaf and both sides shouting at each other from the sidelines.

I think they do, but they have the same difficulty that we have, in reverse—through the mirror—of understanding exactly what is going on, how people approach things and what they think about things. I think, elsewhere in Europe, they've always thought of us as being very predictable, rather boring, rather pragmatic, rather grey, completely dependable, a bit of pain, but ultimately rational and the voice of reason you turn to when you want someone to inject a voice of reason. They were therefore surprised by the result.

When you try to rationalise what happened, as people do, about a country that you don't know as well because you don't live in it, you tend to approach it through the prism of things that you do know. For instance, I think the Europeans try to understand what might be happening here for a point of reference of looking at other things they worry about. They worry about the situation in Poland, for example, and the rule of law and what they might think the Polish Government are doing.

For instance, on the reaction to the High Court ruling, and the media coverage about "enemies of the people", I think some people wondered whether what is happening in Britain is what has been happening in Poland, if you see what I mean.

People find it difficult to understand exactly what is going on, which is why I think it is terribly important that people who know people in other parts of Europe, whether in business or in politics, talk to each other and explain what is going on. Britain is not turning its back on the rule of law, for example, and if you are a foreigner, you are not going to be attacked in the streets—that is one of the more extreme things that people over there might say to me: "Is that now happening in Britain?"

The more we talk, the more we can explain that we have not fundamentally changed but we have reached a decision—some people don't like it, but we have reached it—and we need to get on with it and accept it and make it work. The parting, in my view, has to be handled as decently and as speedily and as intelligently as it can be. That is the best way, so that, afterwards, we can still have the sensible relationships that we need in areas of defence, security and the economy, and so we can be good friends and neighbours.

Q24 **Daniel Kawczynski:** Given your experience of working in Brussels, have the current Government asked you—formally or informally—to advise



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them in any way?

**Lord Hill:** I have never believed in blabbing about what people in Government may or may not have ever said to me. If people are going to trust you, it is better that you don't do that. Because I have knocked around for quite a long time in British politics, on and off, I know quite a lot of people in the British Government and over in Europe. If they want to pick up the phone and talk to me, I will talk to them, obviously, but I do not have any formal role at all, of any sort. I am a private citizen in this, 100%.

- Q25 **Daniel Kawczynski:** Lastly, could you kindly give us your understanding, in a nutshell, of how the Commission, the Council and the European Parliament will be involved at the different stages of the whole process?

**Lord Hill:** I will do my best, but obviously I am not close to it and I am not part of the negotiation. The first point is a variant of my earlier point: there is a rolling conversation that goes on. So although they are three separate institutions, as you rightly say, with different functions and different formal roles, the way that things develop is as part of a constant conversation between key members of the Council, members of the Commission and Members of the European Parliament. From that point of view, it is quite hard to disaggregate them and explain.

Another general point is that they themselves are always slightly looking to uphold the role of their own institution in that mix, as we do here. There is a conversation and then, for instance, the European Parliament wants to be more involved in the process than the European Council wants it to be.

If I was to try and codify it, I think I would say that ultimately the decision in the negotiation has got to be taken by the 27. The Commission will apply a lot of the technical know-how. It has the experts. The Council has very few resources; the Commission has the people who do the trade and all of that stuff. The Parliament will need to ratify the end of the article 50 process, but, depending what it ends up doing, there are other variants that involve all the Parliaments of Europe. As we saw with the Canada free trade deal, they all got involved in ratifying it.

- Q26 **Mr Holloway:** To answer this question, you will have to generalise—I completely understand that—but what is the mood music towards Brexit in Brussels and in Europe? Are they angry, vengeful, pragmatic, resigned or looking for a mutually beneficial outcome? How would you generalise and characterise it?

**Lord Hill:** All of those things. I think sad, first off. They wanted us to stay in, for a variety of reasons, so they were upset at the result. We tend to think of it all over there as a soulless, bureaucratic operation—that is how we talk about it—but oddly enough there is quite a strong emotional, romantic strand to it all, and that bit is about how you develop a Europe of shared values. They think that they are losing a hugely important player. Even though we were sometimes a pain, they valued the grit in the oyster that we provided, and they will miss that.



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I would not say that they were vengeful. I think we are a subset of a much bigger issue for them, which is the future of the EU. They have multiple challenges around the euro, around migration and around unresolved issues: Greece, Germany, Italy, Putin—those are the big issues. How they respond to those challenges and think sufficiently about us and how we fit into that is one of the things that we need to try to pull off as the mood music ahead of the negotiation. Through that, the conversation that most people say, which is, “Let’s avoid this being a complete”—I am trying to think of a polite way of saying it—

**Daniel Kawczynski:** Horlicks.

**Lord Hill:** Horlicks, thank you. “If we can avoid it being a complete Horlicks, that is what we must do.” That, I would say, is the predominant view, but it is quite easy to razz people up on the politics, just as it is over here.

**Chair:** You are talking to an expert.

**Lord Hill:** I think there is quite a lot to work with, but we have got to get beyond just this exchange of fixed positions, I would argue, and say, “Let’s park all that and think, do we want to carry on doing defence and security stuff together in the future, given the threats we might face to the east? Do we want to carry on economically trying to do this, or do we want to spend the next 10 years kicking bits off each other and sending a message to the broader world that Europe is a bit inward-looking while the whole world is changing around it?”

Q27 **Nadhim Zahawi:** Just picking up on some of the very good points you have made, how hard will the Commission work to avoid a scenario where the UK leaves the EU after two years with no agreement in place?

**Lord Hill:** Sorry, how hard do I think that will be?

Q28 **Nadhim Zahawi:** No, how hard do you think they will work to avoid that scenario?

**Lord Hill:** I think it is a variant of my basic point, which is that if we can get things on to the right footing, I think people will work quite hard to avoid it. If we just adopt political positions and we have some of the rhetoric going our way saying, “How dare they behave like this towards us! Don’t they realise how lucky they were to have us? We don’t want to be shackled to this corpse anymore”, then it will not take long for them to say, “Okay, if that’s how you want to play it, that’s how we will play it.”

Q29 **Nadhim Zahawi:** So would the prospect of having no deal worry them? What do you say would be the worst-case scenario from their perspective?

**Lord Hill:** I think it would worry them. I don’t think they would admit that, any more than we would. The sensible thing for the 27, given the other challenges they face, is not to have a Horlicks. The sensible thing is to show that you can deal with a big existential challenge in a grown-up way and that you have got the political capacity to do that.



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They clearly will have concerns about doing stuff for us that then opens up debates internally for other people, because they are constantly having to find ways of holding the 27 together. If you look at what has happened in the past year as a response to the migration pressures in central Europe and the Visegrads, there is this balance the whole time between how you avoid a big punch-up with us without causing other people to say, "That's not fair. They've got a better deal than we've had."

Historically, they have always collectively thought—we may not agree with them—that we have got a better deal than everybody else. There is a phrase in Germany about us always wanting extra wurst. They think we have had extra wurst. There is that.

- Q30 **Nadhim Zahawi:** So just to step back for a second, you mentioned Germany and the Commission and the Council itself. Are we better off simply negotiating with the big Germans, the Council and the Commission? Or maybe we would be better off looking at all 27 almost separately to see where the drivers for their motivations have to be—whether it is the automotive region of Germany, which would scream blue murder if we were to walk away, or Spain saying, "Hold on a second. A bad deal on the UK is going to really hurt us." What would be your advice? Is it better to look at it as a single entity in doing a deal, or is it best to unravel some of this stuff?

**Lord Hill:** My advice, as you might expect, would be the latter. Putting all your eggs in one basket is not a very smart strategy. What does not work is what I know is sometimes a sort of shorthand over here, which is, "Well, the Germans are kind of in charge, so all we have to do is square Mrs Merkel and it will be fine." It does not work like that. Also, just common sense and good manners, if I may put it like that, tell you to talk to all the other players—the Parliament, the Commission, the other countries. And why wouldn't you?

- Q31 **Nadhim Zahawi:** Does Mrs Merkel think she is in charge?

**Lord Hill:** No, I think the whole German thing is that, since the war, they have become more powerful but they are frightened about being in charge. It is not that. That is one of the things that concerns people about developments—the Franco-German axis is not working like it used to work, because the French bit of the axis is not firing up properly at the moment—so you do want to do what you said in your second option, I think.

- Q32 **Nadhim Zahawi:** What is your view on Michel Barnier's position that negotiations have to conclude by October 2018?

**Lord Hill:** I am not close enough to the ins and outs of it to have anything particularly sensible to say on that. I think that Barnier will approach it in a very straightforward manner and that he will do it in good faith. He has got a job to do, in the same way as David Davis or others have a job to do. There will be stuff that people say and then there will be stuff that you can try and work a way around doing. My basic feeling about the European system is that it is a strange mix of being highly legalistic and inflexible,



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and totally political and flexible, and you do not quite know when that point is going to come.

**Q33 Nadhim Zahawi:** What will be the impact of the turnover rate at the top of UKRep?

**Lord Hill:** Sorry, what would be—

**Nadhim Zahawi:** In terms of the Government's Brexit strategy, what would be your view of the impact of the turnover at the top of UKRep?

**Lord Hill:** Of UKRep. Like all of these things, you would rather it had not happened, but life goes on. There is a good new ambassador already there, or going there shortly. Our system has the capacity to provide good people. In these events—typically, particularly in the atmosphere we are operating in at the moment on this issue, everything is taken, over-interpreted and exploded—this is a third or fourth-order issue. They will I am sure rally around the new ambassador and will carry on doing their job—

**Q34 Nadhim Zahawi:** The UKRep you knew is up for the challenge.

**Lord Hill:** Yes. They are a good bunch of people, and I am quite sure they will carry on doing that job as professionally as they possibly can.

**Q35 Nadhim Zahawi:** When Sir Ivan Rogers resigned recently, his major criticism was that the Government's thinking over Brexit was muddled, and that the civil service is ill-equipped to handle Brexit. What is your view of that criticism?

**Lord Hill:** It is for him to justify the criticism that he has made. As far as I am concerned, I felt from the beginning that when certain people during the campaign said that negotiating our way out would be really simple and could all be over in a matter of months, if not weeks—I remember someone saying that—that was not a view that I shared. As I said at the beginning, we have got to get on with it as a country and come out the other side with our post-Brexit future.

I would much rather we were spending time collectively thinking about the future shape of our economy and society instead of keeping going back to 23 June. I think we are spending too much of our intellectual capacity in Britain—particularly in politics, if I may say so—refighting 23 June and not getting all our brain power thinking about, "So, what are our industries of the future? How can we build on those, and what domestic policy change do we need to make to strengthen that?", which is where I would personally like to see our thinking.

It was going to be difficult, and one could see that this was always going to be one of the problems about managing this process: how, in a vigorous democracy like ours, you try to have a negotiating approach and strategy that is not shared in real time on Twitter with the people you are negotiating with. I think we have got to cut the Prime Minister and Government some slack on this. It is quite complicated, but, at the same time, it is why I was pleased that the Prime Minister gave a date for



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triggering, because actually that is going to provide a discipline, a framework and a parameter. So we are going to have to take those decisions, which I think for business and for the rest of us is actually a healthy thing.

**Q36 Nadhim Zahawi:** Let me put you on the spot. Do you think we will get a good deal in the next two years?

**Lord Hill:** I don't know how it will work out—I clearly don't. I can see very strongly that there are all sorts of rational arguments as to why we should come up with an approach that maximises the opportunities or minimises the damage for both sides, but I can also see the political pressures and dynamic that can militate against that—that is the bit about which I am most worried at the moment. In the same way that I would like it in the UK if what I think of as sensible leavers and remainers could come together to think about the future, by extension, for sensible people in Britain and elsewhere in the EU to come together and talk about shared challenges in the future will give us the best chance of the most sensible, flexible deal.

**Q37 Nadhim Zahawi:** What do you think of the Foreign Secretary's decision to end central funding for UK civil servants on secondment to the Commission?

**Lord Hill:** I have not been following all the twists and turns. I think one of the things that we did—we have contributed over the years and British officials in the Commission have got an extraordinarily high reputation, and with good cause. And also secondees—not just British officials but people seconded from different parts of the British system. You can see that a bright person thinking about their career is probably not going to fancy a secondment right now. I do not know the detail. If it is about funding of people in the future and it is not going to have an effect on the quality of the people we have got over there now—but I do not know enough about how the scheme works and what decision he has taken.

**Q38 Mr Hendrick:** Lord Hill, you said in response to questions from Mr Zahawi that a lot of people are still refighting battles from 23 June. But in response to my question you said, "Well, this referendum has perhaps been a long time coming." I am looking back over the last 17 years since I left the European Parliament. I spent five years in the European Parliament, where I was one of those people involved in a lot of the deal making as a co-ordinator for the socialist group, with literally dozens of labour and social democratic parties trying to negotiate deals with other political groups there.

I know it is about consensus and deal making, and it is very different from the sort of yah-boo adversarial style of politics that we experience here in the House of Commons. Do you think that there is basically an incompatibility in terms of political styles or ways of operating in mainland Europe, as compared to the UK?

Also, the nature of the political discourse—particularly with the public, during the referendum—meant that really the cards were stacked against



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the remainers, even though it looked inconceivable that we would lose. The cards were stacked against us because what looks like fairly subtle, common-sense, as you put it, sensible people getting together and coming to a decision would actually be thrown into mayhem because of the nature of our political system and the adversarial nature of it—the fact that the media play such a big part in it, and they are very well organised, and the way in which you try and sell that in a referendum to a public with a binary question, and really it is about a very complex set-up.

Is there any hope, first of all, of getting a system that will work in the future so that if we are not in the EU we can actually get a sensible discourse with our European partners? Will this not hinder us in terms of the Brexit process as well, as you say, if you are conducting a discussion through Twitter, when in fact sensible people in a room trying to get a deal are being undermined by all those around saying, “Well, that’s not what we wanted when we voted for such and such”?

**Lord Hill:** First off, you have seen at first hand, and you experienced it, the difference in the systems, and it is very marked. I had not realised it until I got there, and all the stuff that I had completely taken for granted as being normal behaviour over here, it doesn’t—so, I take that point. I do not think we will change the nature of our politics. Reverting back to being a British parliamentarian now, I rather like the nature of our politics, despite its oddities. You feel a hell of a lot more accountable in the British political system than I think you do in most other—

Q39 **Mr Hendrick:** Even as a Member of the House of Lords?

**Lord Hill:** That was a generalisation. Obviously I am doubly cursed as a Commissioner and a Lord. If you take a positive view about it, which I think one has to try and focus on, I felt that, once we are out, some of the hang-ups that we have had about being in, we won’t have. So I think there are quite a few examples of ideas that people might have had for closer co-operation within the EU: the Brits have said—I am simplifying—“It’s not a bad idea, but why would we want to give that to the EU to do, so we had better kill it.” I think, outside, we are going to be able to pull all the levers on the basis of co-operation ourselves. If we don’t go through years of slugging each other off, the fact that we won’t have that feeling in Britain that somehow we are going to get sucked into the Euro sausage machine and that if we want to do things with our European friends it will be on our terms and that we can stop—we can do more; we can do less—I think could actually be quite positive.

Q40 **Mr Hendrick:** That is a possibility but, looking at it from the other side of the telescope, if all the 27 that are there think that Britain is going to get a deal like that and an arrangement like that—that, as far as they are concerned, is existential—that would cause the European Union to fall apart, because everybody wants that.

**Lord Hill:** I do not think it need do. These are not things where I am saying that in terms of a negotiation we could get a special deal on free movement that no one else gets, but in terms of choosing to do things



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together in the future—in terms of university research, young people programmes, science, defence, security sharing—I think there are a bunch of things that it would be in our mutual interest to do that we could find a way of doing, and we might actually feel a bit more comfortable about it, and about Europe, than I think we have done for quite a long time.

I think the other thing that will happen for British politics—which, again, if you want accountability, sovereignty and all the rest of it, I think is a healthy development—is that we will no longer have anyone to blame; it is going to be us. When things don't work out, we are not going to have that easy cop-out of saying, "Oh, yeah, well, it's Brussels." That can be a healthy and liberating thing for our own system.

- Q41 Mike Gapes:** Can I build on what Mark asked you about? Going back to what you said about the possibility of getting an agreement on the long term of the framework and then it being easier to negotiate, do you think there would be any merit in the British Government saying, "We want the single market, we want to stay in the customs union, but we want to build on what David Cameron negotiated in early 2016, with regard to migration and benefits and related issues."? That was then off the table because of the referendum result. Do you think there would be any benefit, in the current mood, such as greater flexibility on the four freedoms with regard to migration, if we were to take that approach, rather than saying, "We are coming out of the customs union or the single market and we want to create some kind of bespoke arrangement."?

**Lord Hill:** Another thing that people sometimes say to me is, "The debate on migration is shifting within Europe itself, so should you hang on a bit and see how that develops?" I think there are two things. First, I think most of the European countries think of immigration differently from us. They mean immigration from outside the EU into the EU. For them, migration within the EU is good, and immigration uncontrolled from outside is bad.

Whereas, for a whole bunch of reasons going back over the past six to eight years, for us immigration from outside the EU and free movement and migration have become completely and utterly intertwined. So I think when it comes to it, the Europeans will persist in thinking free movement is good and, therefore, we can't really move very far on that, though we have got to do something more on external controls.

I also think there is a sort of speed point on all of this. From an economic point of view, I feel that business in Britain and internationally will prefer to know where it stands—even if it doesn't particularly like it for a period, and then have to adjust—than not know. Having a lengthy negotiation over something as integral to the values of Europe as free movement, when you don't know what the outcome will be, I am not sure would be likely. That would be even if you had a situation where the British Government—and I don't know because I'm not the British Government—were prepared to make that trade-off. I am not sure that they are.



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- Q42 **Mike Gapes:** The CBI and the TUC have both called for transitional arrangements. Do you think that is likely to be acceptable in the Commission or the Council of Ministers?

**Lord Hill:** Again, I think it depends on what the transition is to and what the overall trade is. Nothing in Europe comes without a price, which is like most negotiations. What have you got in the pot to trade with, so that people will think, "Okay, it's worth going through this process and having transitional arrangements to get over there, because if we get over there that would make sense for Europe and for Britain."? You could get to some kind of transitional arrangements but I don't think it is something you will be able to approach in isolation; it will be part of a package. Personally, I think it makes a lot of sense if we are coming out of the customs union and the single market.

- Q43 **Chair:** Lord Hill, thank you very much indeed. I am sorry we kept you slightly longer than we would have wished due to interruptions and the private meeting overrunning. Thank you for your time, which is much appreciated. I hope you have not been totally lost to public service. Of course, your activities up at the other end of the building no doubt also constitute public service.

**Lord Hill:** Maybe in due course you will come to see that even more clearly.