**The 2016 WPCT CHARLEMAGNE LECTURE**

“Picking up the pieces: Britain’s role in Europe and the World post-referendum”

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A politician said to me after the referendum that the one thing you cannot do as a politician is to tell the electorate that they got it wrong. That was what Labour did after the Scottish referendum and they paid a high price for it.

Nor would it be sensible or correct to characterise the referendum Leave vote simply as a vote based on ignorance of the EU or thinly disguised racism. Yes. There are those elements. But I met many people who were far less concerned about the numbers of migrants than they were about the principle of self-determination i.e. that we should decide. Many of those people would say that since states are defined by frontiers, then determining who crosses your frontier is one of the marks of nationhood. As to ignorance of the EU: it is legitimate to blame successive Governments for not doing more to advertise the project and its advantages, and to blame a mendaciously propagandist segment of the Press, which is still influential among the age segment that overwhelmingly voted to Leave.

But we also have to recognise that this may have been a delayed response of anger and frustration to the events which happened eight years ago. Somebody at a meeting I was at this morning commented that revolutions happen, not when people’s bellies are empty but when they start to fill up again and they have the opportunity to think about their resentments and to act on them.

And we have to take account of the fact that this issue has been a controversial one in British public life since the 1950s as in no other European country. And there are reasons for that which lie deep in our geography, history and psychology. We may have been shocked by the result. I certainly was. But I was not surprised. I campaigned quite a lot. I noted – as others have – that quite often people were hearing the arguments – even factually incontrovertible ones – but not actually accepting them. I am not one of those who thinks that, with a different strategy, Remain would certainly have won it.

The result is also a symptom of the disengagement from politics of the young. Yes, those who voted, voted overwhelmingly in favour of Remain. But their turnout did not match that of the older generation.

So, hoping that people will see the error of their ways or conclude that they were dangerously misled is unrealistic. They may regret it. They may resent the economic downturn which we are beginning to experience and be angry with those who did in fact mislead them. But we have a Prime Minister committed to ‘Brexit means Brexit’ Barring some significant change among our partners, I do not see buyers’ remorse leading to a re-run. But there are also other factors at play.

There will be many opportunities for Parliament to express a view, and to vote, and there are those, from NI and Scotland, who will consider themselves legitimately mandated to oppose Brexit. Part of this complicated story is of course going to be what its impact is on the one federation the constituent countries of the UK are still part of: the UK. But I doubt whether Parliament will vote to prevent the Government form triggering Article 50 and Parliament will, I suspect, quickly be involved in the detail of what our future relationship with the EU should look like. And there will of course have to be close consultation with the Governments in Wales and Scotland and NI and those Governments will have every interest in negotiating for their own advantage e.g. in agriculture and fisheries, and perhaps in carving out further areas of devolved power as part of their agreement to an eventual settlement.

We know what the models are: Norway, FTA, WTO. Perhaps, some kind of Association Agreement. Such agreements are dynamic since they are normally designed for countries aspiring to membership and who are gradually building towards a complete relationship. But that might offer a model if our partners are willing.

New PM to take time to work through the options and to travel to EU capitals, not to negotiate, for that can only be done with the 27, but to get a sense of how the politics look from their perspective.

At the moment, our partners have every interest in the early triggering of Article 50. But we should not submit to the bullying of Junker or Shultz. Nor should we prevaricate.

How will Article 50 work? We don’t know precisely. What do we want: the maximum access to the single market commensurate with our views on freedom of movement and with the vote to ‘take control’. But the attitude of our partners is clear on mutuality of rights and obligations. So, yes we would have to comply with Single Market obligations but there may be areas where we want to have different regulations at national level, especially in the area of workplace regulation. The less we want to comply, the less access we will have to the EU market. This is a negotiation about the EU and a country, the UK, which will become a third country as far as the EU is concerned.

A comprehensive deal will take a long time. And there is a difficult issue here for the UK. Time equals uncertainty. Yet the shorter the timeframe for negotiation the less the likelihood of a comprehensive deal with the EU. But, equally, an extension requires the agreement of all 27 other Member States. Do we want to expose ourselves to that situation in which every one of the27 has leverage over us?

Moreover, the longer the negotiation goes on the more *de facto* decisions will have been taken in the services sector, including financial services. In two years’ time, we shall already have seen, not an exodus, but the hedging of bets with companies setting up operations elsewhere in the EU and taking some of the jobs with them. So, a deal allowing access for services, including financial services, may come too late to prevent some of the damage from having already happened. So that argues for the shortest time of uncertainty. Yet, equally, if you did a deal covering only trade in goods (to keep within the two-year timescale) what incentive would our partners then have to give us what we want on services?

Which is why some argue that leaving and relying on the WTO is a less bad option because it is quick, gives you certainty and you can then negotiate a comprehensive FTA over time. But the WTO would require us to set a new tariff regime for our trade with the EU and, outside the EU, we would have to offer the same tariff terms to every other WTO member.

These are the issues Theresa May will have to address.

The situation in the rest of the EU is not static.

It may not be possible to see clearly until after referendums in Hungary and Italy this year and elections in NL, France and Germany next year. But the rise of populism is not in the UK’s interest even if it went in ‘our’ direction on migration.

Might an emergency brake on migration be offered/? Only if the 27 think it in their own interest. Enough for Britain to go into reverse? Possible. Perhaps it will make it more likely that we would be able to go for an EEA-type deal.

We are still Europeans. It is our continent and preserving its security, stability, freedom and prosperity and, above all, its values, remains a vital British national interest.