



BREXit Wales and the future

Professor Colin Copus
and Lord Michael German

Professor Colin Copus and Lord Michael German fought on opposite sides of the recent referendum campaign. In this Good Ideas Series paper, written specifically for Gorwel the two authors provide some ideas and viewpoints about what they now see as the future for Wales in a period of BREXit. Both pieces are very much the authors own ideas and do not represent those of Gorwel or the institutions to which they are both attached. They have been written with the notion of promoting some much needed discussion on where Wales will be going in what is sure to be a challenging period.

Over the coming years Gorwel will be seeking to engage more fully in the whole area of Wales place in a post BREXit world. If you wish to support or get involved in this area please email Professor Russell Deacon on: rdeacon@gorwel.co

Any comments on the articles can be directed either straight to the authors or through info@gorwel.co and will be forwarded to them.

Viewpoint 1 – Professor Colin Copus

Breaking up is so hard to do?

The people have spoken – “the Bastards” – and not only are they bastards they are xenophobic, stupid, ignorant bastards at that, most of whom didn’t understand the issues or quite appreciate the benefits of having their country run by 27 other countries, nor did they appreciate the wonders of mass immigration, globalisation or internationalisation; they were ‘little Englanders’ and ‘little Welsh’ too as it turned out.

Well that is at least the bitter tone of much of the ongoing remainder arguments, culminating in the ‘march against democracy’ on Saturday 2nd of July, when the visceral hatred of the ignorant voters held by the political elites – mainly of the left it has to be said - was plain for all to see. So the first thing to do in this piece is to remind remainers of one uncomfortable fact: you lost! Moreover, the panic that is being deliberately generated by those going through a political equivalent of the five stages of grief – something tells me they will never reach the acceptance stage – is only adding to the economic, political and social uncertainty. Which is probably the objective – cause chaos and panic and then turn round and say – ‘there, we told you so, leaving the EU is a bad idea’.

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So, what of the future, first we are clearly a fractured country, but not in the way many like to normally identify that divide after a general election or other political event: the rich, prosperous, Tory South versus the poor, deprived Labour North, Scotland and Wales. The fracture is much more complicated. The only English region to deliver a remain vote

was London; Wales joined the English regions in delivering a leave vote and Scotland and Northern Ireland wanted to stay. We are split between the nations of the UK, between bigger and smaller cities – generally though not exclusively speaking; some working class areas such as Mansfield, Bolsover, Stoke, Rotherham and Doncaster, for example, indicate that, importantly, we are split between the result the country has delivered and the views of the majority of MPs. We are split between the university educated (remain) and non-university educated (leave). We are split between age groups and much has been made of this division that saw 73% of 18-34 year olds voting remain and majorities for leave in the 45 through to the 65+ age groups. Yet, only 36% of the 18-34 voted, so for all the cries that their future has been stolen – though quite how hasn't really been explained – the overwhelming majority of young people were not motivated to go to the polls and hereby lies a clue as to how a fractured state can be healed.

Not everyone, in fact the vast majority of the population, lives in a world stimulated by political conflict or intrigues, they have lives, jobs, families and fun to care about and are repelled not attracted by the conduct of politics. While political issues are important they are not transcendent and the public have shown a greater tolerance of the result than the politically

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committed, whose post referendum shenanigans serve to undermine democracy and distance still further those who simply voted in the referendum from the politically active and political elites. It is the latter that are still fighting the referendum, campaign and the result – not the vast majority of remain voters. But, if you don't want to hear the answer, don't ask the question; the question

was asked and the answer was delivered. It is now time for the country to leave the EU and to do so quickly, cleanly and without the noise being generated by those remainers who can't accept the result. So, step one for a bright post – EU future – accept the mandate and move on.

One of the least surprising results of the referendum vote was the reaction of the markets – although the meltdown has yet to be of the cataclysmic nature that was threatened by the remain side. Markets crave stability, change does not provide stability and thus markets react with uncertainty and fear. Yet, markets have fallen, crashed and risen again while we were in the EU; yes the instability created by the leave process will provide further instability for the foreseeable future. But once a Britain outside of the EU has been established as the new norm, stability returns and markets move onwards and upwards. The contrasting economic predictions and the contrasting selective use of data and detail by commentators and even those charged with the Brexit process, simply serves to generate further instability. One of the great ironies of the referendum is that so many who pre-referendum would happily see bankers dangling from lampposts, now want to hold them close to their bosom and protect them like an endangered species. Then there is the question of trade – much has been made of the need for trade agreements as though it is governments alone that create trade – it is not and neither is trade illegal or impossible without government agreement. Also, the single market isn't a free trade area – it's a customs union. So, step two: negotiate exit quickly, cleverly, with an eye to the benefits for the country not the EU and free our business to engage with the world beyond the EU in a competitive fashion.

The referendum did present another political problem: the divided nature of the so called United Kingdom - Scotland and Northern Ireland voted to stay and England and Wales to leave. The SNP, and those outside Scotland whose main objective is to keep the 'U' in the 'UK', quickly jumped on the possible separation of Scotland that the result could herald as some sort of problem. Well, that is only a problem if the political objective is to keep the

three nations and Northern Ireland welded together. England has not been granted the same privilege as Scotland, Wales and Northern Ireland, that is having a parliament, government and first minister of its own and if the result brings that about then so much the better for England. Step three: maybe the three nations need to once again consider the future of the UK as a political entity – yes Scotland did that recently but England and Wales weren't asked.

Step four, and maybe the most difficult of all, the country – whether that is the UK or our separate nations – needs to move forward from this decision with a mission to heal the fractures. That healing demands recognising and acknowledging that not all citizens have benefited from nor accept membership of, or the policies of the EU and their outcomes, nor have they benefited from globalisation in general. Also accept that when such citizens were given a chance to cast a judgment on the consensus of a generation of political, academic, social and cultural leaders they rejected it. It is for those politicians and other leaders to now, in a mature fashion, act on and not seek to renege on, that decision. There is a world beyond the EU and beyond our membership of it, indeed, there are some 195 countries in the world, only 27 of them – excluding us – are in the EU. So, this is not a rejection of the world, merely a rejection of an emerging supra-national state which demands that its members submit more and more of their own decision-making to its opaque and unaccountable processes. The people have spoken – they may well be bastards to some, but that doesn't make them wrong.

Author

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Viewpoint 2 – Lord Michael German

Brexit – What next for Wales?

The Welsh vote for Brexit was both a disappointment and a surprise. The areas of Wales which received the greatest amount of European cash were those who voted to leave. There are lessons to be learnt for those central to the In Campaign, not least of which is that, taken in the round, there was a failure to deliver a positive message for staying in the European Union.

The result has produced uncertainty and confusion, as politicians strive to retain a positive approach to what comes next. Clearly the promises of the Leave campaign quickly fell apart. Not least the promise of the financial cashback deal they were offering our country.

The nature of our new relationship with the European Union countries is the first question which needs answering. Are we to be part of the Single Market? If so then there are obligations which go with it. Again, consequences which have the potential to blow even further apart the promises of the Leave campaign.

And we are in a political vacuum as the Conservative and Labour parties struggle to deal with leadership issues. But we politicians have to stop our country from getting poorer, and reducing negative shocks which come from Brexit. It will be a difficult task.

Wales is currently a net beneficiary from EU money. The simple ask of the UK government must be to replace all money lost as a result of leaving. Emphasis on a Barnett formula style of allocating funds would mean Wales losing many millions of pounds. The UK government does not currently have a better way of allocation, but funding according to need would seem to be a flagship policy for Wales to get a good UK government deal.

The current funding regime from the EU runs out in 2020, and some clarity on what happens to the overhang of funding from the day we exit until Dec 31 2020 will be needed. It may be that the EU will insist on a pro-rata allocation which ends on the day we leave. Much of our claim for spending is weighted towards the end of the funding period. So a negotiation on completing projects where funding has been allocated is essential for Wales. Otherwise there will be a paralysis on projects which could be approved but not completed by exit day. And paralysis means job support, infrastructure and community development activity not going ahead. Wales could see millions of pounds being handed back to the EU which is part of our allocation.

Traditionally the UK has not been good at making up money for Wales. I remember the anguish of negotiations in the first National Assembly concerning the essential matched UK funding for European funds. I can also remember earlier regional assistance negotiations which took many years to complete. The Welsh Government, the Assembly, and Welsh politicians must press the UK government to seek solutions to the Welsh funding issue at the same time as the UK negotiates our exit terms from the EU. We cannot allow major education, transport, infrastructure and skills programmes to falter or fail because the replacement money from Europe is not available, or because the European money cannot be spent in the short time

window ahead. That's why Wales would be better served by a delay in triggering Article 50 until these matters are agreed with the UK government.

The European Investment Bank, with its access to cheap large scale loan facilities, has been crucial to building our economy. It will be critical to the development of projects such as the South Wales Metro – a transport scheme which has the backing of all political parties. The UK is a shareholder in the bank – but fundamentally it is an EU bank. Wales must ensure continuing access to these funds is high on the negotiating table.

I want to live in an outward looking, welcoming and prospering Wales. I am sure this is a sentiment felt by the majority of Welsh people. Our attitude towards our neighbours, and those already living and working in our country should reflect it. We politicians have a duty to make the best of the hand given us by the Welsh people, but we should never lose sight of the spirit of endeavour, community and friendship which is at the heart of our country.

Author

Michael German – Is the former leader of the Welsh Liberal Democrats in the Welsh Assembly. (1998-2008). He was also the Deputy First Minister during the Welsh Lab-Lib Government between 2000-2003. He is currently a member of the House of Lords and a lifelong pro-European. During the referendum campaign Lord German was a keen support of the remain campaign.

What is Gorwel?

Gorwel is a Welsh think tank which is run in Wales and mainly supported from Welsh based supporters. It runs a series of public talks each year based mainly at the National Assembly for Wales based in Cardiff Bay. To find out more about Gorwel or supporting it please go to our website www.gorwel.co