

ANDREW MARR SHOW

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LORD LAWSON

AM: The former Conservative Chancellor, Lord Lawson, Nigel Lawson is a key figure in this, he joins me now. Welcome to you, Lord Lawson. Before we get onto Europe what is your view as a former Chancellor of the current row about the Prime Minister's tax arrangements?

NL: I think David Cameron has himself admitted that he's made a mess of his handling of it. But I think it's pretty trivial. There are more important issues behind it. This arose out of the revelations in the so-called Panama Papers, and this shows beyond any shadow of doubt that international cooperation nowadays needs to be global. The idea it can be just European is crazy. And the idea that you need to be a member of some political entity or union in order to have international cooperation is also completely mistaken.

AM: Brilliantly taken towards the European argument, but can I just ask you about the tax haven issue generally? You know, in the world that evolved out of the 1980s and the relaxation of exchange controls and the liberalisation of the financial system, which has brought many benefits, it has also allowed lots of people to hide their money away from any national tax authorities around the world. Do you think we now need to see a big international effort to start to crack down on these tax havens?

NL: I think there does need to be international cooperation, as I indicated a moment ago, and it has to be completely global. That is very necessary. There is a fair amount already. The revenue and customs when I was in charge of it was called the Inland Revenue, but they cooperated very considerably. Of course we need to do more. But the abolition, pretty well, worldwide of exchange controls has been a huge boon. You would not have

had the development of the so-called emerging world as rapidly as it has been if there had not been freedom of capital flows to those countries in the early stages in particular. So it's done a great deal of good, and nobody in their right mind wants to unwind that. But there does need to be cooperation between the tax authorities around the world, that's right.

AM: Let's move back to the European issue. As I have suggested, this £9.3 million expenditure on a leaflet and website and so forth to persuade people to stay inside the EU has offended a lot of people on your side of the argument. Do you think you are fighting on an unfair playing field?

NL: I think a lot of people who haven't made up their mind particularly feel that it's outrageous that this propaganda leaflet should be put through – and it is pure propaganda, pretty worthless propaganda – put out in the government's name with the civil service behind it at the taxpayers' expense. I think many people feel that that is a scandal.

AM: So we know that there's going to be an amendment put to the Finance Bill, I think tomorrow, on this subject. Is that the kind of thing you would support if you were still in parliament?

NL: I'll have to have a look at it. But it might well be, yes.

AM: Okay, let's move on to the sort of substance of the issue, and one of the big knotty problems we've tried to discuss on this programme is whether or not we would be in a single market after leaving the EU as an institution. What's your view?

NL: It's not important. It is the – fortunately we live in a largely free trading world, that is due to the way that the world has developed over the past 20-30 years, and is due to the efforts of the World Trade Organisation. And we live in a pretty free trading

world. The common external tariff, the weighted average as they say –

AM: Five per cent.

N: - is – no, it's between three and four per cent. It's between three and four per cent, that's the official figures. And that is trivial. Currencies move more than that. What is striking is that trade from outside the European Union into the European Union has risen much faster than trade within the European Union. You don't need to be within the single market to trade.

AM: And so it's not an issue really.

NL: It's not an issue.

AM: One area it might be an issue for, of course, is farming, where the agricultural tariffs have been much higher coming into the EU. And one of the things we haven't really talked about very much so far in the debate is what this does to British farmers. Because I think 60 per cent thereabouts of their income now comes from EU subsidies. And the question there is obvious, if we leave the EU should the British government pick up that kind of level of subsidy, which is very, very expensive, or not?

NL: Before we were in the EU there was agricultural support from the British government. We've always supported farmers, and the question is how much you do it. And I'm quite sure if we were to leave – as I hope we will – the European Union, first of all nothing will happen immediately straight away, there'll be a transitional phase. But there will be support for farmers.

AM: So the British taxpayer should pick up – I think it's about 2.8 billion in terms of support for farmers. It's a lot. But you would support that?

NL: What the British taxpayer is doing now at the moment is not only paying for all the European support, all the things that the farmers get from Europe are British taxpayers' money, all the

things that the scientists get in the universities from Europe and from the British taxpayer. So it's recycled. But we are paying £10 billion a year more in than we get out. So if we're out we'll be able to afford more.

AM: But if you have influence – because there are a lot of farmers watching and they're having a very, very tough time at the moment – if we vote to leave the EU they will be protected, they should be protected?

NL: It's for the government of the day. I will not be a member of the government. My government days are over. But I'm quite sure and I think that that is the position of those who are in the Cabinet who are in favour of voting to leave, is that the farmers must be supported, yes.

AM: Now, you're hostile to the EU but you're a Europhile. You live in France and so on.

NL: Yes.

AM: What about the – I think it's more than a million British people living on the continent at the moment?

NL: Yeah, and there are huge numbers of people, French and other Europeans living here. There's not going to be a great exodus. No one's going to be ejected on either side. There are legal protections anyway.

AM: I was going to ask about legal protections.

NL: There are legal protections, the Vienna Convention and other legal protections. But there is nothing to fear from that.

AM: So those who are watching –

NL: In France where I live there are quite a few Americans who live there, and America, as far as I'm aware, is not part of the European Union.

AM: Absolutely not, but if you are watching this programme from the Languedoc or wherever and you're worried about, for instance, the mutual arrangements on healthcare, or recognising professional qualifications, those kind of things will be renegotiated post leaving the EU?

NL: Yes.

AM: And they would be safe in your view?

NL: Yes.

AM: Alright, one final area we haven't talked about, which is what happens to the border between north and south Ireland, so a 310-mile border. If we leave the EU and we are therefore completely outside the EU and we want to control our borders, as many people who want to leave the EU do, surely we have to control that border as well and close it?

NL: We've always made Ireland a special case, long before we were in the European Union, even though the Irish Free State, as it was originally called when it got its independence in 1922, I think it was, we have always – we've allowed the Irish, for example, to vote in British elections. We don't allow anybody else who's not British to vote in British elections. No, the Irish are for historical reasons a special case and they will remain a special case. The Anglo-Irish relationship is a very, very special relationship and it will continue to be so. It has been ever since Irish independence was secured.

AM: Some people would say that is a back door to migration into the UK from the rest of the EU and the rest of the world.

NL: But that can be stopped. There can be border –

AM: There would have to be border controls, is what I'm asking.

NL: There would have to be border controls but not a prevention of genuine Irish from coming in across the border.

AM: But there would be controls on those borders.

NL: And there will also be, which is even more important, as there is now, particularly close cooperation between the security services in Northern Ireland and the security services in the republic to prevent the IRA and the terrorist threat from the world as it is.

AM: Alright, just one very, very quick question: as somebody sitting at the centre of this, how do you think the pro-leave campaign is doing in terms of the likely outcome? How's it going?

NL: In terms of the arguments, I think the pro-leave campaign is winning them all. In terms of votes, you have to see how strong this totally unfounded fear campaign – because there's no campaign, you know, to love the European Union, that is conspicuous by its absence. So all they're trying to do is scare the pants off everybody about leaving. But it is crazy. Most of the countries in the world are outside the European Union and they're doing very nicely, thank you.

AM: Lord Lawson, thank you very much indeed for joining us today.

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