

The Rt Hon Sir Vince Cable

Key:

M = Moderator

VC = Vince Cable

WC = William Crawley

CW = Carl Wright

PW = Peter Williams

AZ = Arif Zaman

Q1= Male Speaker 1

Q2 = Female speaker 1

RB = Richard Bourne

Q3= Male speaker 2

PK = Peter Kopelman

S = Sue Onslow

PM: Vice chancellor, distinguished guests, friends, welcome to the 2018 Peter Lyon Memorial Lecture. A word of explanation to those of you who didn't know or don't remember: Peter Lyon was the academic secretary at the Institute of Commonwealth Standards between 1969 and 1995. It's a strange title. He had a more conventional title of Reader in International Relations. but you might well ask yourself what did an academic secretary do? The short answer is that in Peter's case he was really a walking dictionary of Commonwealth affairs. He was an extraordinary authority on the politics and history of Commonwealth countries; and he was a great facilitator of other people's research, a great encourager to younger scholars. And I'm sure that many people in this room, including myself, certainly benefitted from that kindness and encouragement. He died in 2010 and our obvious thought that we should establish an event to preserve and honour his memory. So we began this series of annual lectures. We've had some distinguished speakers beginning with Lord Howell of Guildford and including Professor Saul Dubow, Frank Field, MP, and most recently Baroness Scotland, Secretary General of the Commonwealth.

It's a particular delight to have with us this evening the Right Honourable Sir Vince Cable, MP, the leader of the Liberal Democratic Party. You will all be familiar with the outline of his parliamentary career. Sir Vince entered Parliament in 1997 as MP for Twickenham. He was Deputy Leader of the LibDems between 2006 and 2010, serving briefly as Acting Leader. And during that period he established himself as something of a financial Cassandra, warning about the unsustainable levels of personal debt to the UK. He was one of the few people to emerge from the 2008 crash with their

credibility actually enhanced, and he wrote one of the best accounts of this episode in his book, *The Storm*. In the 2010-2015 coalition government he served as Secretary of State for Business, Innovation and Skills. When in 2017 Theresa May made the generous decision to hold a general election, it gave Sir Vince the opportunity to win back his old seat at Twickenham which he'd lost temporarily in 2015. In July 2017 he was elected unopposed as the leader of his party. As I say, you'll all be familiar with that outline but beneath that surface detail there's a great deal more which you, like me, will learn if you have the pleasure to read his excellent 2009 memoir, *Free Radical*.

It accounts a career which is at once astonishingly varied and extremely well travelled. Sir Vince, as a young man, between 1966 and '68 was Finance Officer in the Kenyan Treasury in Jomo Kenyatta's post independence Government. In the 1970's he served in the Latin American Department of the Foreign Office and then the special advisor to the then-Trade Secretary, John Smith. In the 1980's - this is to be relevant for our discussion this evening - he was special advisor to the Commonwealth Secretary General, Sonny Ramphal, attending four separate heads of government meetings in that capacity, as well as contributing to the expert special commissions. In the 1990's he worked for Shell where in the mid-'90's he was their chief economist. Sir Vince certainly has what Denis Healy once called a hinterland, a very important thing for a politician. But there's something even more striking about his autobiography than just its variety. He brings a penetrating, searingly, sometimes uncomfortably honest gaze to the world around him. It's a quality one tends not to associate with political memoirs. Nor, indeed, does one expect Sir Vince's memoir's deeply moving mixture of the public and the personal. It's a work of a genuine political maverick not afraid of the truth, even when the truth hurts. Those sort of politicians are extremely rare and always worth listening to.

So it is with a particular sense of anticipation that I invite Sir Vince Cable to speak on 'Britain, BREXIT and the future of the Commonwealth.'

VC: Could I, first of all, thank you for that very kind – flattering actually – introduction? It was very touching and I appreciated it.

I'm billed as giving a lecture but I'm going to speak in a slightly more discursive way and hopefully provoke some discussion and questions when I've finished. Can I just start off by saying it is an honour to speak in the memory of Peter Lyon. I was one of the people who knew him. We were contemporaries when I was in the Secretariat and he was an outstanding individual. He certainly accompanied me to four of the CHOGMS of that era and all the Commonwealth Finance Ministers' meetings, and was a real intellectual influence on the big issues which reverberated round the Commonwealth at that time. And it's very important, I think, that we honour his memory. This is a slightly sad period in life because next week I'm giving another memorial lecture to another former colleague, Vishnu Persaud, who headed up the Economic Affairs Division when I was there in the '80's. I'm going to Warwick to give an inaugural lecture of a series which is finally have launched.

I thought that I would change two things and they overlap to some extent. First of all is to do some similarities and differences between the Commonwealth environment that I experienced as a practitioner and

what I see today. I may be wrong, but [this is] what I see from the outside; and particularly to concentrate on the BREXIT controversy.

As you know, I'm something of a partisan in that debate in the UK but I'll try to be as objective as possible in trying to draw out what I think are the main implications for the Commonwealth. Of course, it varies between the general members.

I think, first of all, in terms of contrast there are some common elements. The thing which always struck me about the Commonwealth is it was a little bit like an iceberg. You have the bit above the surface which was the formalities of the Secretariat and ministerial meetings; but most of the work that was done was under the surface in the form of networking and informal groups of which many of the people here are participants. Its importance also, I think now as then, was as a focal point for diaspora communities, many of which attach a great deal of significance to the Commonwealth connection.

There are some big differences and perhaps I should draw them out. First of all, in the 1980s the Commonwealth was dominated by the Secretary General who was something of a force of nature and imprinted his personality on the work of the Commonwealth. Sonny Ramphal, I think, was an outstandingly great figure, and much of what happened at that time derived from his energy and commitment. I think subsequently there have been some very fine people but I have the sense that governments have been anxious to rein in the Secretariat somewhat and not allow repetition of such a strong leadership.

I think the second observation is that at that point there was one dominant single issue which was South Africa and Apartheid. I think working through the end of Apartheid was something that very much dominated the politics of the Commonwealth at that stage. There was, because I think most of the Commonwealth countries were newly independent, a certain prickliness about intervention in internal matters. I think this has become rather less so over time, as human rights became more of an issue. As you know, there was the exclusion of Pakistan and Fiji, because of military intervention. I don't think that could have happened at an earlier stage.

I think another thing that strikes me as being very different was that in the 1980s we had a very, very clear sense of the, as it were, the economic geography of the world. There was North and South; and the whole work of the Brandt Commission, the Brundtland Commission and the others at that time, of which Sonny Ramphal was at the centre, were based on this idea of the rich North and the poor South and the sense of inequity that stemmed from it. Of course there are still big disparities in living standards, but that world has fundamentally changed. First of all, the centre of gravity of the world economy has moved enormously in three decades. If you simply do the mental arithmetic: if you have a group of countries growing at about 6% a year and another group of countries growing at about 2% a year, compound interest is rather powerful! What's the position in the world today if you look at purchasing power parity measures of economic size, India is now the third largest economy in the world. One can dispute what that actually means but it's certainly after China and the United States. India is arguably the other great economic super power. Whereas Britain probably now seventh or eighth on that measure. And it gives us some indication of the way in which purchasing power, trade and economic influence have changed.

I think the other indication of the way that the world has changed is that report which some of you saw last week from the Brookings Institute, which made the perhaps rather bald and shocking observation that most of the world is now middle class. Now of course they didn't mean 'middle class' in the sense of Twickenham and Surbiton, but in terms of the standard measures of absolute poverty, most of the world's population have now moved up into a different category. They've come above the level of basic survival and subsistence. A large part of that are the economic changes which have occurred not just in India, but also in Bangladesh, Pakistan, and Sri Lanka; and Some African countries have moved up significantly into what can loosely be classed 'the middle class economies' of the world.

So the old North/South distinction, which very much dominated the thinking of the Commonwealth on economic matters and and to some extent politically, has, I think, largely gone. I think another feature which was there and still is, but perhaps less emphasized, is that to some extent the Commonwealth became a club of small states. There was a whole set of initiatives at that time: the setting up of OASIS following a report that we did on climate change and sea level rise prompted by the Maldives, an international organisation of small island states. There was the work that was done with the Africa Caribbean Pacific countries, the ACP in relation to the World Trade Organisation. Many of the controversies were dominated by the preoccupations of the small states in the Commonwealth. One of the best debates I ever attended in my life was the heads of government meeting in Delhi in 1983 when they were discussing the invasion of Grenada. The extraordinarily eloquent heads of government from the Caribbean islands and several others was both moving and extremely influential. And it revolved essentially around this issue about the rights and status of small states in a world of superpowers.

I think the final contrast may not be a major one but worth noting, of course, is that the membership is now much more fluid; and with the accession of Rwanda, Cameroon, and Mozambique, we no longer have this traditional historic connection that was originally the basis of the Commonwealth. Those are some of the similarities and some of the differences.

I was about to move from that to say a little bit about the BREXIT controversy. This will probably dominate Commonwealth thinking in the way that South Africa did in the 1980's, but for rather different reasons. The first thing that struck me as I started looking through some of the comments on BREXIT and the Commonwealth was the enormous contrast between the tone of the comments coming from the UK, and particularly from the advocates of BREXIT, and those coming from the Commonwealth governments themselves. I think Patricia Scotland summarised the debate on this subject by saying that most of the Commonwealth leaders were hoping that Britain would stay in. It was very clear, that statement. I suspect she understated the argument but there was a very clear preference that most Commonwealth countries have more influence as a result of being in the European Union than being outside. I contrast that with a strangely, almost euphoric attitude of a lot of people in the UK who see the Commonwealth in terms of a big new opportunity opening up.

I've tried to be objective about this. I think there's a mixture of good reasons and bad reasons why we're getting this rediscovery of the Commonwealth and the UK. I think the good reasons are that it does remind us of the importance of the Commonwealth connections which often tends to get buried. After all, if (just as I was) ministers are going to Brussels on a monthly basis, attending endless committee meetings, your world

is Europe and you forget about the rest of the world. I think reimagining that set of network connections which exists in the Commonwealth is a positive thing. It must be. Similarly, the focus of debate has now shifted to Britain looking for economic opportunities in the emerging markets rather than amongst our neighbours. Now there's a positive angle to that which I would applaud; but there are bad reasons too and I think they tend to dominate. A lot of this is based on nostalgia and I think there are a couple of elements to nostalgia. One of them is this tendency to equate the Commonwealth with the Dominions, Canada, Australia and New Zealand. I think there a lot of people around of an older generation who perhaps think of the Commonwealth in those terms rather than admit its contemporary multiracial form. Even worse, there are people who see the Commonwealth in terms of 'Empire 2.0' who think that somehow or another we can recreate the imperial connection, not quite appreciating the fact that a lot of its members were rather glad to escape from it.

So I think we do have this disparity between the attitude of a lot of people in the UK who are building up expectations of what the Commonwealth can deliver to Britain, and the anxiety of Commonwealth countries who see this largely in terms of negative economic impacts. I should probably try to set out what I think some of those impacts are likely to be. Not all of them are negative but potentially a lot of them are. Now obviously the impact will be varied from one country to another. This is self-evident and obviously depends on what kind of BREXIT happens. I personally rather discount these dramatic "no deal" scenarios that have been talked about. I think at least partly that is being promoted by the government 'to frighten the children', so that they will sign up to whatever deal the government eventually negotiates. I don't attach enormous weight to that possibility but nonetheless there is a whole spectrum of possibilities from something which is not so different from the present - The so-called BRINO - BREXIT In Name Only - that's possible - through to a somewhat more distant relationship, the so-called Canada option. We all love Canada and it's a nice country. It sounds a sort of comfortable arrangement, but actually it represents quite a major step down in terms of our economic relationships with Europe.

Now, obviously, there are uncertainties but what would the impacts be?

The first is the direct hit on Commonwealth countries which export to Britain if Britain underperforms economically. Again, there's a range of possible outcomes. The metaphor I tend to use is that we're faced with a choice between a slow puncture and a blow out. I personally think the slow puncture is more likely but they both lead to flat tyres. But whichever metaphor you use, the assumption is that as a result of BREXIT, Britain is a smaller economy than it otherwise would be, and one that's growing less rapidly. What would the impact of that be on Commonwealth exporters? There are some countries who export more than 10% of their exports to the UK and one would assume that they would be disproportionately hit. Botswana, Seychelle; Belize and Mauritius – that's mainly sugar; for Bangladesh and Sri Lanka, I think, mainly garments into the British retailing network. But by contrast, most Commonwealth countries now have really quite a small economic engagement with the UK, and it represents quite a small share of their exports. For India, it's only 3%; in Australia it's only 1.5%. It's a very distant connection these days. There is the direct hit from exporting to a slower growing economy. That's one set of impacts.

I think a second is probably more important, which is through the exchange rate. I think most people assume that when BREXIT happens, if BREXIT happens, and particularly if it is of a rather negative form, a hard

BREXIT, that the exchange rate would fall, possibly quite substantially. To some extent, that's already happened; it's already priced into the market. But I think one might expect rather more and if that happens there are two significant implications for Commonwealth countries, one of which is that quite a lot of Commonwealth countries have major remittances from the UK from expatriates and diaspora who live here. We are talking about \$12 billion or something of that order, which would be substantially devalued. There would also be a significant impact on tourism. Britain becomes a more expensive place to visit and countries in the Caribbean, Maldives, Malta would be affected by all of that. However, that impact effect is probably not what most people are talking about when they talk about the economic opportunities of the Commonwealth. They're taking about future trading agreements, deals of various kinds. I just want to deconstruct as best I can what that whole argument is about. Because when people talk about new trade opportunities - and I mean 'trade' in a broad sense, including investment flows and to some extent, service trade which is people. When people talk about trade opportunities, they're mixing up very often several different things. First, Of course a lot of trade has got nothing to do with politicians; it's got nothing to do with deals. It's to do with commerce and economic opportunities. Business will either take them on or leave them. nothing to do with politics and nothing to do with BREXIT directly. Secondly, there is trade diplomacy, which is ministers wondering around the world saying "Please buy more of our stuff. " I spent five years doing that, frequently going to Commonwealth countries in the process. One can argue that it helps but it doesn't make a great deal of difference. Theresa May has been doing a lot of that recently in Africa, for example, and then there are trade agreements, so-called deals designed to secure preferential access for inputs particularly.

Let's talk about each of those in turn. I think the starting point of the discussion, sadly, is that the Commonwealth is becoming less important to the UK, and the UK less important to the Commonwealth over time. I'm afraid the figures are quite striking. Currently 9% of British exports go to the Commonwealth, 44% to the European Union, and it's declining. UK exports declined from £120 billion in 2010 to £91 billion in 2016. Similarly, the share of exports of Commonwealth countries coming to Britain has similarly declined from about 10% in the year 2000 to just under 5% last year. There has been a tendency to decline.

But the question then is, is there some big new opportunity opening up which will reverse this decline and sent it into positive territories? Let me just look at each of the three points in turn. The first is, is there something in the post-BREXIT environment that of itself will make business people engage much more with the Commonwealth, and the Commonwealth more with Britain? There is an interesting piece of analysis which the Secretariat has done, which suggests that it's actually much cheaper to trade within the Commonwealth rather than with non-Commonwealth countries. It factors about 19%. The common sense behind it is that, by and large, Commonwealth countries use the same language, the same legal framework, the same institutions and these are the things that add to the cost of business. And if businesses were completely rational and operating on the basis of cost, then they would see the merits of inter-Commonwealth trade rather than trade outside it. But the comeback to that argument, of course, is if that's the case, why aren't they doing it already? And there's no obvious reason why it should happen on a greater scale but, nonetheless, I'll leave you with the thought that actually intra-Commonwealth trade is somewhat more attractive in cost terms than trade across Commonwealth/non-Commonwealth boundaries.

The second is the influence of trade diplomacy. I don't want to dwell a great deal on it. Politicians – and I've been one! - like swanning around the world and signing protocols and things of this kind. And occasionally

they help but this isn't a major factor in itself. What is important are trade agreements. I think one of the key questions to the future is whether as a result of BREXIT, the British government will be able to undertake more or better preferential trade agreements with Commonwealth countries than it already has. Now, the problem with all this, of course, is that most of the Commonwealth countries already have preferential trade agreements with the European Union under what used to be called the Yaoundé Convention, and then Lomé and then Cotonou. There was a series of agreements giving African Caribbean Pacific (ACP) countries preferential access to the UK. Least Developed Countries under Everything But Arms initiative are able to export without any tariff barriers at all, so there's nothing additional to offer them, at least in tariff terms. And of course they already have an agreement with the European Union; and the question arises why would they choose to give up a preferential agreement with a market which is ten times bigger than the UK? Almost certainly it would be very unwise for them to do so.

Indeed, one of the reasons for the anxieties about BREXIT is that many of the smaller countries certainly look to the UK for help in their negotiations on trade matters with the European Union and that help will no longer be there. That, of course, applies to aid as well as with trade. Critically, for those who have some sentimental attachment to the Dominions, Canada already has a preferential agreement with the European Union, and Australia and New Zealand are in the process of negotiating one. And, again, whatever sentimentally attractive language has come from those countries - the Australian ambassador to Britain was particularly eloquent on this subject - The simple fact is they attach far more importance to their trade with the European Union than they do with Britain. The prospects of pursuing a new pattern of trade agreements doesn't seem to me to be particularly good.

But I don't want to be completely negative. There are areas where Britain historically has a much more open and liberal approach to trade than the European Union, notably in agriculture. There are major trade obstacles in the European Union which an independent Britain, also a post-BREXIT Britain, could certainly improve upon. Just to give a couple of examples: 80% of Kenya's vegetable exports, now a major export for Kenya, come to Britain. In areas like fruit and vegetables there are major tropical products restrictions in the European Union about which Britain could certainly do better. An even more substantial example would be sugar, where there's been a long battle to protect the interests of cane exporting countries as opposed to the sugar beet producers in the European Union, which unfortunately now includes Britain. Fiji and Belize, for example, have 80% of their exports of sugar coming to the UK. And a post BREXIT Britain could at least potentially offer a more generous approach to sugar exporters than the European Union currently does. It isn't all negative, but I honestly fail to see where the great upside is in this set of relationships.

Perhaps just to conclude that section of the discussion, the real opportunities of course lie with the bigger Commonwealth countries, of which India is by far the largest, and the recent history of Britain's attempts to negotiate a special relationship with India is very instructive. I went to India, I think, four times as Secretary of State trying to negotiate a European Union/India agreement and it proved very, very difficult, because the Indians were reluctant to concede improved access for the things which the European Union - particularly Britain, I have to say - thought were important. I.e. financial services. What the Indians wanted in return, which was more visas for their service exporters, was particularly troublesome for the European Union led by Britain. Theresa May discovered that when she went back to talk to Mr. Modi. I think probably what he told her was that all the problems associated with an EU/India agreement are magnified many times over if

they're dealing with Britain alone. I think she was sent away with a flea in her ear and told not to waste their time. I suspect that is the picture looking forward: that there is virtually no prospect of negotiating some attractive preferential arrangement with India and possibly not with the other big economies either.

I'd just like to draw things to a conclusion. I'm trying to be positive. I think there is in rediscovering the Commonwealth and looking at its potential, that must surely be good in using the good networks of relationships within the Commonwealth within a creative way. I'm all for that. But looking at the hard, brutal economic reality, it is very difficult to see how BREXIT is going to move the dial on closer relationships with the Commonwealth. And most Commonwealth countries would be frankly foolish to exchange their existing relationships with the European Union for one closer to the UK.

I think that message has already been communicated loud and clear, so thank you.

M: Thank you very much. Now we've got plenty of time for questions. I know there's a huge amount of experience and knowledge in this hall and I'm sure lots of people will want to ask questions. Please keep your questions brief and to the point and the floor is now open, so please who would like to begin?

WC Sir Vince, I'd like to ask you the procedure which has landed us in all these difficulties. With all the talk of a second referendum, whether on the EU or on Scotland, there is no talk of rethinking reforming how a referendum is constructed. It is a very Gaullist procedure. It doesn't easily marry with the British constitution, And to hold a referendum which the outcome is likely 1% or 2% in favour or against, seems a very unprotected system, compared to other countries which stipulate a percentage margin. Please could you say something about how we can adapt if we need to adapt the referendum system to the British constitution.

VC: I think ruled by referendum is not an attractive form of governance and we'd have been better off without the referendum we had, quite apart from the result. But I think the problem is that although we are a parliamentary democracy, it has now become accepted that major constitutional issues, or major changes in the constitutional arrangements, should be decided in this way. Now it may be unwise, but that's the way we've gone. The reason we had one in 2016 was largely, as you know, because of the internal politics in the Conservative Party. When we had the coalition we stopped it happening. But given that referendums are going to happen, you raise a perfectly valid question which is how can they be done better? In this particular case there were all kind of questions. This was young voters being excluded (the 18-year-olds); the fact that British expatriates who'd spent many years in Europe were barred from voting; that the European nationals who live here but were allowed to vote in local elections weren't allowed to participate. There were many factors but the key issue which you highlight is threshold. I think that is important. You may remember the whole history of the Scottish referendum, where a Scottish referendum was defeated in the 1980's I think it was because of a provision introduced by the late George Cunningham MP which inserted an 60% threshold. And the independence referendum didn't pass it, so we have been through thresholds.

I think when we had the second Scottish referendum there was such strong feeling in Scotland that the majority should decide that it was dropped. I think if it were reintroduced into any second referendum or third referendum on Europe, I doubt that we'd get a threshold introduced. I think it would be 50/50.

PM: Carl Wright and then Peter Williams, please.

CW: On 18 October the really important negotiations start in Brussels, and it's not to do with BREXIT. It is the post-Cotonou negotiations between 79 ACP countries and the EU 27, governing the whole future relationship between those 100 countries. A specific question I have, having just come back from Brussels last week where I met Commonwealth ambassadors, who confirmed very much what you've just said. Is what do you think should happen to the aid money that is sitting with the EU if BREXIT goes ahead, specifically the €4 billion which the UK has been to the European Development Fund in the coming years. I know there's been some talk about shifting the money to the UN. I don't think the Commonwealth would have the capacity to take that kind of volume. There has been some suggestions that there could be some joint arrangement between DFID and the European Union, maybe in the form of a further contribution to a trust fund. Is that something you're willing to raise with the government? Certainly I haven't heard any discussion about that in the current BREXIT agendas.

VC: It's a good set of questions. I'm not familiar with the background arguments, but I should have discussed the aid issue because it is important. Britain is a generous donor. Whatever arguments we may have with the present government or Conservative colleagues in the coalition, they did honour the 0.7% pledge, which was really quite commendable, particularly given that it was a time of austerity. I think Cameron deserves a lot of appreciation for that. As you say, a substantial slice of the aid money goes to the European Union, [and after BREXIT] it no longer will. There will be people who will say that because BREXIT is going to lead to economic difficulties and because the government has promised an end to austerity, whatever that means, we should cut the aid budget to finance it. There would be enormously strong pressure to cut the aid budget. So, the answer to your questions would be that there will be less money. But if those who defend the aid budget can continue to support it, I would guess the money should go in a mixture of bilateral aid to the countries that currently receive it through the European Union, and maybe the World Bank, which is of course a very good development agency and already covers a substantial part of the poorest countries who are the main recipients. But I'll happily raise it, Carl. It is a good issue you have raised.

PW: You referred to the 19% advantage which had been reported by the Secretariat in trade between Commonwealth countries and you made the observation that that would have been probably quite largely due to common language and common institutions. It's often struck me that it's probably quite largely as well due to the fact that you have groups of Commonwealth countries which are contiguous: South African trade with sub-Saharan countries which are in the Commonwealth, and inter-South Asian trade; between Australia, New Zealand with the Pacific countries. The contiguity aspect might be quite a large factor accounting for the advantage.

VC: Yes, I was very struck by that finding. It did strike me as being a bit odd, I have to say. Maybe you've just given a good common sense explanation for it! It's not obviously to me why British exports to India should be

19% cheaper than British exports to China, other things being equal. It just doesn't make sense. I think the traditional commercial networking arrangements are a factor, but I think what you've just suggested is it makes much more of a plausible explanation.

AZ: Sir Vince, can I just ask about some of the entry points of Commonwealth opportunity? You touched on some of them. Diaspora in this context - not just the broad diaspora, but also the second or third generation change that has happened now in the UK, with business diaspora in different non traditional sectors, while at the same time there is the circular migration which has developed? There are also possible entry points in the services sector that's growing in a number of Commonwealth countries, for example, the creative industries. And finally, the Trade Select Committee was very interested a couple of weeks ago in taking evidence on the Canada-Chile free trade agreement with its gender clause, and the opportunities that may open up for free trade agreements in areas like gender.

VC: Yes, I think you make a good point that we don't make enough of, which is the importance of diaspora communities. It appears in political speeches, not too much is made to exploit it. I was very struck with this when I headed a trade mission to Nigeria when I was Secretary of State. The reflex action that the officials in Whitehall was, you invite the usual suspects, but you share a space on Unilever and whatever. And it never occurred to them that it would probably make much more sense to subsidise the visit from Nigerian based British descendants who were actually very entrepreneurial. There was a real Nigerian entrepreneurial culture and it's partly based here, partly based back home. And we just haven't exploited that in the way that I think we should. But the position is uneven. One of the things that did impress me about when I was doing this kind of work in government was that the British Foreign Office, particularly the commercial aspects of it, are now much more representative of the UK population than they used to be. Certainly when I was there I think two of the deputy high commissioners in India were British Asians. And that was all to the good and they felt much more comfortable with the multiple identities. We should do more of that.

Q1: I wanted to move slightly away from the economic point and talk more about sentiment. I'm a first generation British Indian, and when I go back home, there is a lot of sentiment about how we should pull away from the Commonwealth as it's seen as a ghost from the past, so to speak. I just wondered, in your experience, how do you think the sentiment with India and more generally has changed, whether there are any marker points in history where it has taken a hit, or improved?

VC: I can only give a subjective impression. I think things have changed. Some of you know, I married into an Asian family from East Africa and my late wife was very anti-colonial. "We fought the British" and all that. But actually when she'd been here for about 25 years, she said one day, (unprompted by me), "For the first time, I actually feel British." I suppose those who have had bad experiences wouldn't react in quite that way but I think there is a much more balanced assessment. I sensed that, and I have been going to India for 50 years. Initially people were very prickly and constantly reminding you of the bad things we did to the textile industry, the Bengal famine, and all those things. But, more recently, it's just a balanced historical assessment. I think a friend of mine who is a leading Indian business man in London has just written a very good book on British engineering in India, which is very objective. It's not grinding a political axe at all. I think that we probably passed through that phase where people felt they had to just reject the British association for political

reasons. And that does actually give an opportunity for Commonwealth connections, that people now look at you in a positive way.

PM: A question there, please.

Q2: At the time of the referendum, there was some suggestions that members of diaspora communities were going to vote to come out [of the European Union] because of the preference given to European citizens in migrating to Britain. Now it's in the news again, talking about equal opportunities for people, or non-opportunities for people, from all over the world. How do you see that playing out?

VC: No, you're right. I think one of the oddities about the referendum was the voting behaviour of particularly the Asian voters. I think in aggregate it probably didn't affect the overall result because, as I understand the figures, something like 60% of British Asians voted to remain. But there were certain groups, particularly of Indian origin I think, who were persuaded by this argument that they would get more visas. I remember going around public meetings in the wake of Boris Johnson and Priti Patel and they had been promising "You'll get lots more visas if you vote for us." And of course it was a complete lie. I mean, it's not going to happen! You've already seen the outline of the immigration white paper. Immigration policy will in future be very restrictive. I can't imagine this many curry chefs in Bangladesh who earn more than £30,000 a year and there will be a strict salary cut off. I think some people were persuaded on false pretences, that they should vote for BREXIT on the grounds that it would help non-EU migration. I don't think it's going to happen but we haven't yet seen that.

PK: Sir Vince, academic centres within London, and particularly the University of London, have greatly benefitted from that free movement of academics across into Europe and back. Just to give two examples: firstly, the Crick Institute, the second would be music. How we go to address this when the drawbridge goes up? Historically we had strong links with the Commonwealth, but members of the Commonwealth have now looked to North America or elsewhere.

VC: It's a very troubling question. I was at a seminar at the London School of Economics this morning where very much the focus was on how BREXIT will affect the academic community. There is a great sense of alarm by how it will affect research collaboration, the exchange of post doctoral fellows and lecturers, and above all perhaps students. We don't know what's going to come out of it. I think one of the things that came out very strongly from the meeting is that it's so obviously a no brainer for a scientist just to get on and collaborate and not politicise it. But the doctrine of the negotiation is that nothing is settled until everything is settled. We have this massive uncertainty, research projects in universities being suspended and visits being curtailed. I'm afraid this is going to continue to the very last moment. My experience of government, which directly affected the Commonwealth countries, was the big arguments over overseas students. If you remember, in 2011 Theresa May wanted to introduce quotas on overseas students and we stopped that happening. David Willits was the universities minister and I was the Secretary of State and we vetoed that; and it never happened. But she did manage to get through some quite serious restrictions on overseas students, including the post study work route, which is particularly important for scientists and researchers who want to stay on.

What is now going to happen, of course, with BREXIT is that European students, who currently come in and who are treated equally with British students, are going to come in as overseas students paying full fees, which are approximately £18,000. There will be a massive drop off in the number of European students, and I don't think there will be any move to relax the inward movement of Commonwealth non-EU students. It is a rather bad scene and I do hope that universities will keep up the political pressure on MP's because this is a massively important part of the story. I think of any institutions in UK which are going to be damaged by BREXIT, it will probably be universities more than any other. Their voice is occasionally heard but not strongly - nothing like the City, for example.

PM: A question, yes?

Q3: You mentioned the Foreign Office and I wanted to ask what your thoughts are on our Global Britain programme, the money we've got from the Treasury, increased recruitment and the opening of new high commissions and consulates around the world. Do you see these having an impact, and what do you think we should do more of?

VC: I'm not sure if it's the one I saw in action, but certainly in the coalition years there was a big expansion of overseas postings, particularly in China and India and the big emerging markets. And it was entirely right because I think before that there had been a kind of pulling up of the drawbridge. As a result of rounds and rounds of cuts, the Foreign Office tended to retreat into the big established capitals. I think reversing that and investing much more in an infrastructure, in particularly the bigger emerging markets and including most of the Commonwealth countries, is very much to be welcomed. To the extent to which I saw it in action I was very impressed. I was in the Foreign Office in the '70's when it was still very much a kind of old guard approach to trade in overseas relationships. As a first secretary, my main jobs was doing things like organising *placements* for visiting heads of state. Whereas now it's much more getting your hands dirty and dealing with commercial work; and I think the Foreign Office these days is very good at it.

PM: Richard [Bourne] and Patsy [Robertson] both want a turn at questions.

RB: Thank you very much, Sir Vince. You said - and I'm sure you're right - that there was a sort of reining back by principle governments, including our own, of the Secretariat after the Sonny Ramphal era. I just wondered if you'd like to make some observations on the work that's just been carried out, but we haven't seen it published. There has been a High Level Review Group looking at the governance of the Commonwealth Secretariat, on the ways in which Secretary Generals are appointed and the finance of the Commonwealth Secretariat. Do you see any possibility of the Commonwealth Secretariat may not become as it was in Sonny Ramphal's day, but might be more of a power house for the Commonwealth. Or do you see as a coming out of the April summit, that this is simply a fig leaf, and that the major governments, including our own, will try to drive the Commonwealth with their own agendas, rather than as a multinational operation.

VC: I'd like to believe that it was run in the most imaginative way possible but frankly multinational organisations, the United Nations as the template, do tend to be highly politicised, and operate on national quotas. And frankly in the Secretariat there was some brilliant people, outstanding people and thought leaders; but there was also a lot of dross, people who were just filling in a few years before going back to some bigger job

somewhere else with very little interest or commitment. Changing that into a proper kind of meritocracy or something with a professional spirit of, let's say, the World Bank or another international group of that kind, is very difficult. Ideally, of course, we should be doing it. I have to say I have seen the present Secretary General in action as a minister; she is a very impressive person and is certainly not there just filling a place.

PM: Patsy, do you still like to ask a question? No? Okay, would anyone else like to ask?

WC: Sir Vince, I'd like to ask you, coming back to the issue of migration and the relationship with the diaspora, Nahendra Modi has made much of wooing the Indian diaspora and emphasising their contribution to India. Going back to the early 1970's when the Asians were thrown out of Uganda and other East African countries, India didn't want to know. They didn't want to know then about whether they had responsibility. They denied they had responsibilities to the Indian communities settled in what have you in the British Empire. Do you think that situation has in any way changed if there were a similar situation elsewhere in the future?

VC: The position as between East India and East Africa is very different for the historical reasons and certainly in my political capacity I see particularly the Gujerati community being very, very heavily committed to modern-day India and partly because of the Prime Minister and his associations. I don't think there's any ambiguity about British Indians having a sense of commitment to India. The East African community, for exactly the reasons you give, have mixed feelings. But what I do see happening is that some of the leading Asian entrepreneurs are now rediscovering East Africa, the Malvanis in Uganda, big sugar family, have gone back and they're doing very substantial investment there. I think what's happened is that because a lot of African countries realise that the policies that were pursued in the '70's and '80's, Nyerere's Tanzania's very inward looking nationalistic development were completely counter-productive. Their current approach to overseas investors is much more generous and it's highly profitable for businesses to operate there, and because the diaspora communities know the country and have relatives and got a feel for the place, it's a very good basis on expansion. I think that there is that difference and to the extent to which I followed it - I would say I married into an East African family and I do follow their progress - there is a bit of a rediscovery of the old country.

SO: Sir Vince, please, could you share your views on the future, viability and influence of the Commonwealth as a multinational organisation? You highlighted in your lecture possibilities, but also divisions, tensions or drawbacks that could emerge coming out of BREXIT. But what do you see for the Commonwealth as a whole, going forward?

VC: I'm sharing a platform with your current director, who I know has expressed his own views on the subject and created a controversy, so I'm reluctant to wade into it. I think the point which is true today and which was true then, is that the Commonwealth has great value. But the danger is, to some extent, inflating expectations. Politicians who expect too much from the Commonwealth heads of government meetings end up very disappointed because statements are always levelled down through communiqués and things of this kind. And for reasons I've given the connections are often traditional. They're not based on solid things like imperial preference of the inter-war period. I think it's totally unrealistic to expect miracles to happen but I think because the Commonwealth can't do spectacular things, it's a mistake to disregard the good things that

it does do, which are often low profile networking organisations. The universities have lots of commonalities and visiting professorships and often quite low level associations which are very valuable. And then they may be tied together at ministerial meetings. This isn't spectacular stuff, but it's all very useful and if expectations are pitched at the right level, then I think the Commonwealth has a good future.

The danger now in the UK is that this is touted as some great rediscovery, then nothing very much happens or very spectacular happens, and we then get a backlash against it.

PM: Please could I take the privilege of the chair to ask the final question? Drawing upon your time at the Secretariat in the 1980's, we talked a little bit about this idea of the Commonwealth advantage in trade. It seems to me there's a moment in the mid-'90's when the Commonwealth started to be talked about as this great untapped engine of economic potential and growth. Robin Cook seemed to buy into it in '97 when he became Foreign Secretary. It seems to be a way of reconciling the Commonwealth to Tony Blair's modernising agenda. "What is the use of the Commonwealth? It could be good for British trade." Was that argument deployed in the 1980's? Was there ever similar rhetoric that "the economic potential of the Commonwealth is under-exploited"? Or was it, in a sense, too busy a political issue in those terms and so there was no need for the Commonwealth to be reinvented in economic terms?

VC: But it was primarily political. That's where the momentum came from and issues like Apartheid were what generated the emotional energy around the place. The economic stuff was relegated relatively, but despite the fact that Sonny Ramphal himself, Persaud and others were driving of quite an interesting and ambitious agenda on economic matters, I think the big change that occurred in the '90's wasn't specific to do with the Commonwealth. It was the realisation that the point I referred to earlier on: the difference between the big growth trajectory and the emerging economies and the developed countries. I did some work for Shell at about the same time. I was in their scenario plan and we did a big exercise on what we called 'the new frontiers'. It wasn't the Commonwealth, but it was the emerging world. The assumption we made was the one I quoted you that the developed world might reasonably continue to expand at 2% a year and the developing world at 6%. And of course the latter was actually an understatement when you look at China and India. This has happened, it's reality, but at the time it was a slightly shocking thought. It wasn't just conservative people in Britain, but my Dutch colleagues thought that the world was centred in Europe and North America. The idea that Africa had a future, or let alone India, was a bizarre idea. They couldn't get their heads around it.

If the Commonwealth has helped to make people aware of this big shift - it's the biggest change in our lifetime actually in many ways. A shift of the world economy to the emerging markets is the really big thing that's happened. The lifting of hundreds of millions, billions of people out of poverty, mainly in China, but also a lot of Commonwealth countries involved. I think it was the realisation that that's what was happening in the world and the Commonwealth was a good vehicle for Britain to play a unique role in this.

PM: Thank you for a really wonderful lecture and some fantastic interactions with the audience on answering the questions. I'm going hand over to my colleague, Sue Onslow to say a few words. Let me just add my thanks to Sue, our wonderful deputy director who organised this event and has been

doing fantastic work, recording the history of the Commonwealth through our oral history project, as well as many other things and has been really busy on her feet this evening. Thank you, Sue.

S: I would like to thank Sir Vince for such a wide ranging, detailed, and thoughtful lecture on the Commonwealth past, present and indeed future; and the challenges that face Britain and Commonwealth countries over BREXIT. We are particularly grateful for your eloquent analysis of these complex issues and for presenting them with such clarity. Ladies and gentlemen, we now have a reception, but please join me first in thanking our speaker.