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# Welsh Economic Review

Volume 15.1 Spring 2003



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**ISSN 0965-2450**

The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

#### **Notes for Contributors**

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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**Interview  
& Feature  
Articles**

# Interview with Lembit Opik MP



Lembit Opik is the Liberal Democrat Member of Parliament for Montgomeryshire. He was educated at the Royal Belfast Academical Institution and Bristol University. Before becoming an MP he worked for Proctor and Gamble, and Newcastle City Council. He was previously Shadow Welsh Secretary and Shadow Secretary for Northern Ireland.

**Your early career as a Brand Assistant, then a Development Manager, and finally a Global Human Resources Training Manager for Proctor and Gamble does not immediately suggest an interest in politics. Is there a defining moment or event, which led you to public life, or was it an evolution?**

Actually, the defining political moment for me was being born into a family of Estonian refugees in a nation of troubles called Northern Ireland. My family's history involved escaping from the Soviet Union's Iron Curtain only to end up between the bombs and the bullets of Belfast. Looking back, all this made me feel something was wrong with how the world was resolving its differences. Although I didn't think of this as an interest in politics, it certainly was the root which motivated my desire to 'fix' things. This may sound like a grand ideal, but in reality you don't think of politics as grand or small when you're young. You just start thinking 'the world must not be so violent or cruel' and then sort of work out how the world should be. I suspect this is the secret of all

political change, a desire to get things done. And the secret of major political change is the assumption that nothing is impossible.

**Perhaps you could also explain your affiliation or relationship with Wales?**

I live in Newtown, I work for Montgomeryshire, and I speak for Wales in Parliament. The reasons for my association are a combination of choice and happenstance, which, on the face of it don't seem all that probable. My father taught at Aberystwyth University, and my aunt did the same at Swansea. For various reasons, I'd nearly moved to the Borders - Shropshire in fact - back in 1992. Then, when Alex Carlile stopped being the MP, I succeeded in getting selected as the candidate for the Lib Dems. Ending up as MP for Montgomeryshire was such a surprising turn of events for me that I began to think seriously about what the philosopher/psychologist Karl Jung said about 'synchronicity.' He said that life looks as if it's full of coincidences, but in reality there's a bigger scheme to life

than we know. I think he might be right.

**The political map of Wales is interesting. Northeast, Southwest and south Wales are traditionally labour strongholds while Plaid Cymru dominates the North and West coastal constituencies. Meanwhile, the Liberal Democrats have a majority in the central constituencies bordering England (Montgomeryshire has been LibDem for over 100 years). Do you think this political map has economic significance?**

If I were being opportunistic I'd say, yes, the political map has economic significance, because people do better with the Lib Dems! Looking at the question in the spirit you meant it, I'd say the main driver to the current political map of Wales, is cultural rather than economic. Traditionally, Montgomeryshire has been 'Liberal minded' in its voting. And Brecon and Radnor next door is quite similar. Plaid Cymru hold seats where, culturally, they've found sufficient support for their proposition to win. The economic significance would come when parties have widely differing economic policies - and the power to implement them. For example, the Tories probably do - and would radically alter the economic environment if in power. But this is a macro effect, and doesn't occur on the micro basis of individual constituencies. Also, good local MPs can add value to the local economy by a combination of inspiration and hard graft. But that's about the individual - perhaps more even than it is about their party.

**In the fairly recent aftermath of foot-and-mouth disease, what are the main issues facing the agricultural sector in your constituency? What does the future hold for agriculture in Wales, and what policies are appropriate?**

The main issues are viability, retirement schemes, the cost of entering farming and the grim and continuing burden of rules and regulations. The main problem with government policy towards agriculture is that the farming vote is relatively insignificant to the current government. So they're willing to take a hit in terms of popularity, and that means there's no free ride for farming policy. The waste product of this seems to be a willingness to let small farms become unviable. It's likely that economies of scale will salvage larger farms even after the smaller ones have gone to the wall. Specifically with FMD fear has led to extraordinary

decisions regarding health and safety. Without going into the details, Ministers seem to feel a need to eliminate risk instead of to manage it. The absence of a risk management strategy leads to potentially counterproductive changes to farm management policy – such as the introduction of a mandatory collection regime for ‘fallen stock’ which might actually increase the risk of spreading disease rather than reducing it. Looking ahead, I’d say the great opportunity for Welsh farming is to ‘re-localise’ production. Local abattoirs, local produce sales, a serious look at added value through organic and other production. The subsidy issue won’t go away, but I think of it as a payment to maintain a certain kind of countryside. Farmers could reasonably say our countryside is their business, and we all gain from their management of it.

**As banks, post offices etc continue to ‘rationalise’ their activities, access to services in rural areas has become a prominent issue. Again, how can government intervene?**

Rationalisation never means more outlets, only fewer. While each cut can be justified by accountants, the human cost to small communities is huge but doesn’t appear on the bottom line for the business managers at HQ. But why should it? The Post Office mission statement isn’t to take care of the social and economic planning for local communities. That’s the Government’s challenge – to decide how much it’s willing to pay to stop hamlets and villages from losing their heart. I suspect there’ll be a swing back to more local service as businesses realise that real people talking to customers turns out to be a competitive advantage. In the meantime, politicians need to do the cost benefit analysis – and, again realise that if they don’t, there won’t be nice rural places for townfolk to have their lunch on a Sunday afternoon.

**Newtown (a new town in the 1960s) is an important centre and has been attractive to some inward investors. However, as we observe declining flows of inward investment, what can be done to retain existing businesses and encourage newcomers in your constituency?**

Inward investment is a sales job. Attractive wage structures are double edged, because they depend on low wages to bring people in, and I’m not

convinced that’s sustainable – and it certainly shouldn’t be a target. But other factors such as incredibly low level of industrial disputes, an excellent quality of life and a reliable commitment to high quality output are strong selling points. We have the chance to sell Mid-Wales even more than we currently do. Usually, that sort of initiative depends on individuals in bodies like the Welsh Development Agency championing an area. That’s exactly what we’ve got, though I suspect a little more strategic planning between similar interest groups in the region would be a force multiplier. I mention the Euro too – I’d say early entry could help us with inward investment to a considerable degree... but perhaps that’s a discussion for another day.

**What do you consider to be the main achievements of the Welsh Assembly Government? Has it diluted the role of members of parliament?**

The biggest achievements are free school milk, smaller class sizes, free entry to museums, free travel for the elderly, and free prescription charges for the young and old. However, the Assembly hasn’t yet succeeded in conclusively selling these achievements as its achievements to a not-all-that-political general public. It takes years for any big constitutional change to settle in, so I don’t have worries about the time that will take. It hasn’t diluted the role of Westminster – it’s changed it. Over time, Westminster needs to become more strategic, in the same way that the U.S.A. has a sustainable relationship between state legislatures and Congress. We’re still settling into the new order, because it’s unrealistic to reform in 1,000 days what it’s taken 1,000 years to evolve and expect everything to just change overnight.

**Of all the other regions of the UK, with which do you think Wales has most in common? What can we learn from the successes and failures of other regions?**

We’ve got a lot in common with Scotland and with Northern Ireland. But there’s nowhere that similar, because Wales has marked differences even within its own borders. We can learn from the success of the Scottish Parliament to develop strategies for the whole of Scotland, and from Northern Ireland about - of all things - inclusive politics. But the lessons are here to be learned from our

own experience. I still believe that a positive attitude, where we regard politics as a competition not a war, will make the biggest difference of all. A reduction in political opportunism would enable bolder strategies to be attempted; and that’s the biggest single opportunity for Wales as a whole. It could begin to address what I would describe as a certain lack of self-confidence which means we can miss a trick from time to time out of fear of being attacked for sticking your political neck out and saying ‘it’s risky but let’s try it.’

**Some commentators have suggested that the importance of Parliament has been diminished by the New Labour government. What are your views on this?**

Parliament isn’t less important – but its ability to control the Executive is currently reduced. A huge majority and strong party whipping system – in all parties – are largely responsible for this. Even then, a more inclusive High Command would take more regard of other views, and be more flexible. As we saw in votes over the Iraq war, there has been a stirring of dissent and this is probably good for democracy. At heart, I’m libertarian, and I value freedom more than the current Home Secretary does. I fear the reduction in our civil liberties ‘in the interest of national security’ or to protect us from ourselves is well advanced, and this worries me the most.

**If you were granted one economic policy wish, what would it be?**

Aside from a referendum on the Euro – which is too bland to count as a wish – I’d wish for a revolution in insurance – limited liability and a Government underwritten scheme to control the skyrocketing insurance bill. If I could end our relentless drift into a litigation culture I feel I’d have done something important to free business from an economic shackle.

**What do you like/dislike most about Wales?**

I most like what Wales can be – a centre of excellence in Aerospace, ‘added value’ agricultural produce, the environment. What I dislike most about Wales is its tendency to take itself too seriously. The Irish got rich by laughing in public and making a fortune in private. We could learn a lot from them.