

ANDREW MARR SHOW

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THERESA MAY

AM: Last time you were here you had a lot of authority, the party was – it was ahead in the general election campaign, which you didn't need to call. Can you apologise to the Conservative Party for the way you handled that campaign?

TM: Well, Andrew, it's great to be back here at Party Conference in Manchester. And this week's going to be a really good opportunity for us to show the mission of this government, which is what I say – I'll answer your question in a minute. It's a real opportunity to show the mission of this government, which was the mission that I set out when I became Prime Minister, standing on the steps of Number 10 Downing Street, which is a government that focuses on the needs of ordinary working people. And a government that really does build a country that works for everyone. And you'll see in some of the announcements we've made today about student finance and housing we've also listened to the message that came from that election. But I've been very clear that I called the election, I led the campaign, I take my responsibility and I'm sorry that some very good Members of Parliament lost their seats and some very good people who were candidates didn't gain those seats. But what you'll hear from us this week, as a Conservative Party and a government is how we are going to move forward, how we're going to address the issues that are of real concern to people and we're going to build that country for everyone.

AM: We will come to all of those, but you and I know there's a difference. If you bump your car into somebody else's car you may be sorry the accident has happened, but that's different from apologising to the driver of the other car. So can I ask you again, can you apologise to the Conservative Party for what happened in that election campaign?

TM: Well, I've already spoken to my Members of Parliament, I'll be speaking later today to the party activists. Look, throughout my entire life I have worked for the Conservative Party and I know people who went out during that election who worked really hard, and I'm sorry that the result wasn't the one that all of us wanted. I mean, there's going to be a lot of analysis of this election, because if you look at it, we got 2.3 million more votes, we had our highest vote share for over 30 years, we took seats we didn't think we were going to take, we got more Members of Parliament in Scotland, and yet we didn't get that majority. So what I'll be saying to people is, yes, we've got to look at what happened during that election. We've got to listen to the electorate, listen to voters, the messages they were giving us. I think one of the things they were telling me was that some of those issues that I addressed when I first became Prime Minister, that I identified –

AM: You completely forgot about them.

TM: No – I think we didn't get that message across sufficiently during the election campaign. But I think what voters were saying, that they felt those even more keenly than perhaps we'd realised. That's what we're addressing at this conference.

AM: Well, let's come to what you're addressing at the conference, these two big policy announcements. The tuition fees is a huge U-turn, you can smell the burning rubber all over Manchester.

TM: No. What we're going to do on student finance, look –

AM: It is a U-turn, can we at least agree that?

TM: Andrew, let's just look at what we're saying today in relation to student finance. What became clear is this isn't just an issue - often people think about student finance as something that just worries students themselves. Of course this is something that parents and grandparents are concerned about in terms of debt. So we have a system that provides funding for universities, we have a system that ensures more people can go to university. But people are worried about the level of debt that the students build

up. So we will look at it again, but we are saying that we're going to raise that threshold at which you start to pay, which means that for those who are able to take full benefit of that it'll be £30 a month more money into graduates' pockets, and we will scrap the intended increase in the level of fees.

AM: Let's try again. That policy that you stoutly defended for years, which ended up at £9,000 a year fees for students, did that work? Was that a wrong policy, was it a failure as a policy?

TM: What that policy has done has meant that there's money for universities.

AM: So why are you freezing it?

TM: What the policy has done has meant that there are more students going to university. But when we set that policy what we expected was going to happen is there'd be a range, a diversity in the system, that we'd see universities perhaps offering shorter courses. That we'd see universities offering courses at fees under the maximum fee. That hasn't happened. We've got to look at it again.

AM: Okay, you're looking at it again. Is it possible that out of this you come up with a different system? That for instance, there's some kind of graduate tax instead of the current system?

TM: Well, by looking at it again we'll be looking at the issues that people are raising, we'll be looking at where the system has worked, we'll be looking at the concerns that people have.

AM: So a graduate tax is possible, that's what I'm asking?

TM: All I'm saying, Andrew, is that we're looking at it again. If I had determined here and now what we were going to be doing in the future, then I wouldn't be saying that we were going to spend time looking at this. I think it's right that in the meantime what we do is we say we will scrap that intended increase in fees, because it is the case that we'd expected some universities to charge less than the maximum, and they're not.

AM: The Labour Party has offered to remove student fees entirely and put it on taxpayers' backs, as it were. Is it possible that the Conservatives will agree that the majority of this money should be paid for by general taxation, not by students?

TM: I think what the Labour Party has got to look at –

AM: I'm talking about your policy.

TM: Yes, and I'm going to answer your question. But the Labour Party's got this wrong in two areas. One of these is that of course the Labour Party made a lot of promises during the election, to students, some of which they've now already gone back on. They gave students the impression they were going to abolish student debt. Now they've said that they can't do that. But the Labour Party's policy is based on the idea that somebody who goes to university, who benefits from university, who earns more in their future life, should be paid for by somebody who never goes to university and who may be struggling to get by.

AM: But we all benefit from the fact that they have been to university, they're better educated, they're perhaps earning more money, they're more creative and so forth. We all get that benefit, so perhaps we all should be putting into that? That was always what Conservative governments as well as Labour ones thought.

TM: What I believe is that graduates, people who go to university, who benefit from that university education in a very personal sense, yes, they make contributions to society, but so actually do the people who don't go to university and who are paying their taxes. They're making a contribution to society as well. But if you get a better career, if you earn more during your life as a result of going to university, I think it's right that you make a contribution.

AM: Out there there's lots and lots of people who have left university and now have debts of £50,800 on their shoulders. How much of that debt is going to be affected by your change in policy?

TM: Well, what we're – as I say, we're looking again at this issue. We're making two changes, which will be effective in terms of graduates. So the one that we're raising the threshold, it's for somebody who went to university from autumn 2012, they will be affected. For those who are able to have the full benefit of raising the threshold from 21,000 to 25,000 this means graduates having more money in their pockets.

AM: How much more money?

TM: It'll be £30 a month.

AM: So a relatively small amount of money, 300 and something pounds a year.

TM: It's £360 a year.

AM: £360 a year.

TM: But it is a change and it gives them some more money in their pockets.

AM: For students who are watching that sounds, compared to, as it were, the banquet that Jeremy Corbyn is offering them, that sounds like a bit of a dry biscuit.

TM: Well, the point about the banquet that Jeremy Corbyn claimed to be able to offer is that he can't deliver on it. Look, you can only do this, you can only do this if you have a balanced approach to the economy, which is what we have. What would Jeremy Corbyn do? He'd wreck the economy. It's not just me saying that, the Labour Party – Andrew, this is an important point. At the Labour Party conference, the Labour Party themselves recognised that they would wreck our economy.

AM: I don't think – I don't remember that speech.

TM: Run on the pound, run on the pound, from Labour. That's what they said a Labour Party would mean in this country.

AM: Okay, what's happened to the pound on your watch?

TM: The pound fluctuates. But a run on the pound –

AM: It goes down and down and down. It's worth a lot less than it was.

TM: No. Well, do you know what, a run on the pound, Andrew, it means people queuing up to take their money out of banks. It means people really worried about their futures. That's what a run on the pound do. It means an economy that is going into freefall. That's what Labour would do.

AM: Meanwhile, the economy, on your watch, is the slowest-growing economy in Europe. Why has that happened?

TM: We have seen – well, let's look back. A lot of people said that actually this is an economy that post the Brexit vote wouldn't even be growing. But it is growing.

AM: Just about.

TM: What we need to do is a number of things. Of course we have to get that Brexit deal right and get those negotiations right and deliver a successful future for the relationship between the United Kingdom and the European Union. But there are other issues that we need to address in our economy. That's why it's right for us to take a balanced approach to what we do in the economy, so we are careful with public sector finances, but we also need to ensure that across the whole of the country people are seeing the benefits of free trade, the benefits of the free market economy.

AM: Let's talk about the benefits, because as you know, out there, the free market economy, capitalism, whatever you call it, is rather unpopular. Only 17 per cent of people – 17 per cent in a recent poll said they thought that capitalism was working for them. Those students who come out of universities with the debt are then looking for a proper job. They're looking for a decent job paying decent wages. Roughly speaking, what is the average wage at the moment?

TM: Well, the average, the average earnings –

AM: Average weekly wage.

TM: The average earnings are around sort of £25,000 a year.

AM: So the average weekly wage is around £505. Can I ask you a much more important question: on your watch has it gone up or has it gone down?

TM: Well, what we've seen happening recently of course is that inflation has gone up and people are feeling a squeeze on their incomes. What is important – but you raised the point about students coming out –

AM: People have lost money over the last few years, under the Conservatives.

TM: You said students coming out of university want to have a high paid job.

AM: They do.

TM: That's exactly what I want to ensure that we can provide for them. Now, how do we do that? We don't do that by adopting Labour's policies of just spending, spending, spending and borrowing, borrowing, borrowing, borrowing. That leads to fewer jobs, it leads to lower wages, it leads to less money being spent on public services. What we do – and you just have to look at our record as a government – what we've done is we've been dealing with the deficit, it's down by two thirds. At the same time we've been putting record levels of finance into our public services. But we've also seen an economy that's growing. Three million more people now in work with the security that a jobs gives for them and their families since the Conservatives came into government. Thank you for admitting it.

AM: Let's keep on the record, however. Because this about whether the system is working for most people. We've talked about debt-laden students, but we also know that average weekly wages have fallen and fallen and fallen under the Conservatives. People feel worse off because they are worse off. And that is a big problem for this government. And then course, they want to buy houses. Thatcher was almost based on the property-owning democracy and people's ability to buy houses. And for most

people that is now going out of sight completely. If you are under 40 or so your chances of saving for the deposit for a house are worse now than they have ever been.

TM: And I recognise, and I said this when I first became Prime Minister. First of all that for a lot of people they feel that changes, globalisation, that other people have benefited and they haven't. And we need to address that. That's why the focus of this party conference is about a country that works for everyone. It's about ensuring that we get that growth and prosperity across the whole of the country. And you're absolutely right, housing is a key issue in this area. What is a Conservative mission? A mission of Conservatives – for Conservatives is to ensure that every generation can look to a better future than the past. But sadly today there are young people who fear they're going to be worse off than their parents in the future. That they're never going to get on the housing ladder. That's why one of the focuses we're putting on this week, and as a government, is on housing. But it's not just about home ownership.

AM: How much money have you found for the help-to-buy scheme?

TM: There's going to be £10 million into help to buy –

AM: Where does that come from, sorry?

TM: It's not just – well, we're going to be setting out our finances in the budget. But can I just – because you talked about home ownership and help to buy is about helping people to own their own homes. But you know, there are a lot of people in rented accommodation today and that's an important issue for us to address as well. And if you're – you know, it used to be the case that a lot of the people who would be in rented accommodation, renting homes, would perhaps be young professionals who didn't mind if they had to move quite frequently. Today we're seeing more and more families in rented accommodation.

AM: A lot of it is poor quality as well.

TM: Well, there's issues about quality, but also often short tenancies. And if you're a family that is so unsettling for you. One of the things we're going to be looking at is how we can incentivise landlords to give longer term tenancies. You talk about poor quality: one of the other things we're going to be doing is ensuring that landlords have to be part of a redress scheme, so that tenants are actually able directly to take action if there are problems about the quality of their homes. So yes, it's about home ownership, yes it's about building more houses, it's about helping people who want to buy, but it's also about ensuring that those who are in the rented sector are being helped as well. So it's across the board.

AM: And it's about finding the money for all of this. During the election campaign you said to some nurses that you didn't have a magic money tree. You've spent so far 1.3 billion on the tuition fees U-turn this morning and another £10 billion on the housing policy. This is proving to be a very, very expensive morning. In the last eight minutes we've spent nearly £12 billion. Where's it coming from?

TM: Well, we will set all this out in the budget, Andrew. You just have to be patient for a few weeks to see everything, because then we can set it out in a context of what we're doing in other areas in the budget as well. What is important, through the announcements that we're making today is that we have listened to what people said at the election, and we recognise there are key areas which we need to address. That's what you will see at this party conference. As we go through this week. It's about building a better future for everyone, it's about ensuring that the next generation can feel that they are going to have a better future than their parents.

AM: Well let's talk about everyone. Let's talk about another group we haven't yet mentioned, people on universal benefit. Now as you'll have seen there are 12 Tory MPs who want you to pause

the roll out of universal benefit and they want you to do that because there are lots and lots of people out there who are going to get no money at all for six weeks and that begs the question how are they going to eat?

TM: Well this is – look, I recognise that there have been problems in the way that Universal Credit has been working out for people. That’s something that David Gauke, the Secretary of State for Work and Pensions and I are looking at. I think fundamentally most people agree, Universal Credit is a good system because it is a system that ensures that work always pays and that the more you earn the more you’re able to keep. I think that’s right. There are issues –

AM: It’s the implementation of it now. Might you pause that roll out?

TM: It’s the implementation of it now. I think because this is an important change to the benefit system so I think it’s important that we do roll it out, but we are looking at the specific issues that are being raised by people about that implementation to ensure, because we want to make sure –

AM: So there might be a pause of some kind to ensure the implementation works?

TM: We need to – well, we need to roll out Universal Credit. What we also need to do is to ensure that we’re addressing the specific issues that are being raised by people.

AM: Can I remind you of what Dame Louise Casey, who’s been your adviser, been Labour Party government’s adviser on this social policy for a very, very long time. She’s a very experienced woman on that. She has said: “We are looking at more and more people ending up homeless or ending up having their kids taken

away or ending up in more dire circumstances, more dire than I think we have seen in this country for years. It's a cliff-edge point, everybody's holding out until we're pressing on, we're pressing on, we're pressing on, it's like jumping over a cliff." And for lots of people out there that is how it feels?

TM: Well I think the important thing is that we make sure that the benefit change that we're doing, which I think everybody also agrees is a change that where it has been put into place is seeing more people getting helped into the workplace, is having that benefit for people. But what we need to ensure is that when the – as the system is rolled out and when it is in place we are addressing specific issues that people are raising. But this is – the universal credit –

AM: You may have seen the woman on – interviewed on the BBC who said she had 4p left after asking for money for two weeks and she didn't know how she was going to eat. This is a real problem for lots of people who are watching this programme out there now.

TM: And I've accepted Andrew, that there have been issues, that there have been problems with the roll out and what I'm saying is that this is something that David Gauke and I are looking at but overall it's important that this benefit is important because it does see more people being helped into the workplace. I think there is a general agreement that changing to universal credit is the right thing to do. What we need to ensure is that as we're implementing that we deal with these problems that have arisen. But what we've seen –

AM: And you have heard that there is a problem at the moment that you're looking at?

TM: There is – what we have seen is that the performance has, if you like from in terms of getting money to people has been improving. So this is not something that is stuck, it's something that is getting better but I recognise that we need to ensure that that improvement continues.

AM: One other big domestic issue and again out there, even among Conservative supporters and Conservative voters, two-thirds of people would like to see the railway industry renationalised. Can you really look rail commuters in the eye and say that privatisation has worked for them?

TM: Well look, I recognise that not everything's perfect and if you – if you're on Southern Railways you probably certainly think that with all the strikes and disruptions that they have had. But I can remember the days when the railways were nationalised and this – what people get today is a far better service than what they got under the nationalised railways. They get more investment in the railways, they get greater reliability, there are far more passengers using the railways. The number of journeys that it's possible to make on the railways has increased, the number of services has significantly increased. So we do see a better service today. I can see if you know, if you're a passenger who's perhaps on Southern and has been experiencing the problems I can see that people feel –

AM: It doesn't feel that way.

TM: - is this actually working for us. But it is a better system today. We're seeing better services, greater reliability, greater choice for people and more people using the railways. And I'm sure we all agree that actually getting people off the roads and using our railways is a good thing for all of us.

AM: Now let's turn to the other big issue which is Brexit. You got the chance to have a private meeting with Angela Merkel this

week. Did you get the impression from her that your Florence speech has unblocked things?

TM: Well I did have a private meeting with Angela Merkel. I was also, because I was at the informal EU Council had the opportunity to speak to other EU leaders as well. And I certainly got the impression and was being told that they had welcomed the Florence speech, that the Florence speech had given a momentum to the negotiations. And it's not just leaders who've said that. Actually if you look at what Michel Barnier said at the end of the week he was very clear that the speech, that speech had changed things and I think the negotiations over the last week were conducted in a more positive framework, in a more constructive framework and have taken us further on key issues, such as citizens rights, I always said that was one of the first issues we needed to address, on key issues such as citizens rights, we're continuing to make progress but one or two issues still need to be finalised but there's great agreement between us for EU citizens living here who I want to keep here, I value the contribution they've made here in the UK, but also UK citizens living in the other 27 countries.

AM: Well since you raise that particular issue what the EU has said in absolute terms is the European Court of Justice must remain involved and you haven't gone far enough as a government to accept that.

TM: No, if you look at what –

AM: Might you go further is what I was going to ask you.

TM: If you look at what Michel Barnier said, he said that there should be a role for the European Court of Justice. In the past they've said there was an absolute that the European Court of Justice had to be looking over this issue. What I've said is very simply that we will bring this agreement into UK law so that if

there is an EU citizen here who is concerned that the agreement that we've made on their rights is not being kept to by the government in the future that they can take that through our UK courts. Our UK courts are well respected and what our UK courts will do, as they would do anyway, is take account of judgements from the European Court of Justice.

AM: Let me ask you about one other very important period which is this transition period. After we have left the EU in March 2019, there's now a 2 year transition period where we will carry on paying in money and so forth. During that transition period, if the law, if and when the law changes in the rest of the EU do we accept those legal changes and regulations or not?

TM: Well can I just perhaps –

AM: It's a really important question.

TM: It is an important question. Can I just perhaps start by explaining what that period is about, because I think that use of the term 'transition' sometimes gets people thinking that maybe this is something that is going to carry – you know we won't leave and carry on.

AM: Okay, well let's assume we are leaving that, back to the question.

TM: No, this is a very important point, Andrew, because this is about an implementation period. We will leave the European Union in March 2019, but at that point we will have an agreement as to what the future relationship, the future partnership between us and the European Union will be. That's what you might call the end state, where we're going to get to. But in order to ensure that individuals, people and businesses don't have a sudden cliff edge, that they have time to adjust to that, do practical things like IT

system changes and so forth, we will have that two year implementation period.

AM: And during that 2 year period do we accept EU rules, yes or no?

TM: During that period I have said that in order – if the point of this, part of the point of this is that there's no change for people, that they can adjust against a background of certainty of what the rules are going to be, that we will – abiding by the framework that we've got, that's one of the things that's happening in parliament at the moment. The EU law is being brought into UK law through our withdrawal bill.

AM: If the banking law changes in the EU during that transition period do our banks abide by the change, is the real question. Yes or no?

TM: The point is that as part of the negotiation about what the agreement is going to be for that implementation period it will be important for us to look at how we're going to ensure that we deal with any changes that come through. Now there may be –

AM: I don't hear that as a yes or a no.

TM: But the point is Andrew, we're going into a negotiation and if you think about this issue of changes one of the –

AM: Okay, we're not going to make progress. Can I just ask you about one other thing?

TM: Well this is important. We want people to have certainty during that period so businesses can carry on with their businesses, so we don't see jobs being lost as a result of uncertainty during that period.

AM: If we get no deal, which you have said is possible, if we get no deal what happens immediately after that?

TM: Well, as I've said, we are recognising that – I've used that phrase of no deal is better than a bad deal. Government is working on what would need to be put in place if there was no deal. What we're also working on is ensuring we get a deal and we get the right deal for the United Kingdom.

AM: But things like would the planes keep flying? There's lots and lots of practical things. Out there there are tens of thousands of business people who are scared witless about the prospect of no deal, which they still think is possible and I'm asking you what happens on day two after no deal?

TM: And that's why government departments are looking to see what changes are needed, what we need to put in place. It's not just government departments doing that. The EU Withdrawal Bill and other legislation that we will bring through in the wake of that will actually be setting the scene for yes, us having a deal, but also the possibility of a no deal.

AM: No deal would be so difficult for this country in many people's views, including Philip Hammond's, very, very bad he said. If you couldn't get a deal would you resign as Prime Minister?

TM: Well I'm working to get a deal, Andrew. And I think that is what the whole focus of government is. On making sure that we get a deal. So let's put our efforts into that. Let's do everything that we can, not just to get a deal, but to get a deal that works for the UK and I believe that the deal that works for the UK will also work for the EU. That's why I'm optimistic that we can get that deal.

AM: Can I put it to you that I'm asking you very straightforward questions and you're not answering them. And this happened during the election campaign as well, which is why you got into so much trouble. Can we just remind ourselves what happened when you did another U-turn on the so-called 'dementia tax'. This is what you said:

[CLIP]

"On the first question. Nothing has changed. Nothing has changed. We are offering a long-term solution for the sustainability of social care for the future."

AM: But we all knew something had changed and that was a pivotal moment in the campaign and your own advisers were aghast at that, sort of ashen-faced at that, "nothing has changed." And again you're saying nothing has changed. It's not a U-turn on tuition fees. These are U-turns. Wouldn't you be better off actually just looking people in the eye and telling them the truth?

TM: No, look on student fees we have made a change. Yes, I've said that. We're raising the threshold and we're scrapping that limit.

AM: On the 'dementia tax' things had changed too, hadn't they?

TM: The principle hadn't changed. The system that we were proposing was remaining the same in terms of the contributions that people were making. Yes, we were going to introduce a cap, but the fundamental principle had remained. But the point is Andrew, sometimes you ask me hypothetical questions and I won't answer –

AM: It's my job.

TM: – I won't answer hypothetical questions. What I will –

AM: Let me ask you a very non-hypothetical question, an absolutely clear non-hypothetical question. You've apologised for aspects of the general election campaign, that you did not have to call that election. Do you now think it was a mistake to call that election itself?

TM: No. Is it ever a mistake to give people the opportunity to vote? I don't think so. I don't think – I mean at the stage of course I wanted to see a different result and I'd hoped for a different result from that general election, but what we must do now is learn from that general election, take those lessons forward, that's what I'm doing, it's what government is doing. I think the key message from that election for me, one of the key messages was that obviously we didn't get across what we were doing in terms of a country that works for everyone and really wanting to build on that. I think what we also saw from the election was that as Conservatives the arguments that we thought we'd had and won during the 1980s about the importance of free market economies, I think we thought there was a general consensus on that and we now see –

AM: And you were wrong.

TM: - that there wasn't and we now need to make those arguments again.

AM: As a result of those mistakes you arrive here with diminished authority, your cabinet are fighting like rats in a sack. They're briefing the papers, I mean there's one minister quoted today saying, either Theresa May sacks Boris Johnson for the way he's been behaving or she's out herself. Can we at least acknowledge you have a problem of authority in your cabinet?

TM: What I have is a cabinet that are united.

AM: No they're not.

TM: No, united in the mission of this government, Andrew and that's what you will see this week.

AM: A nest of singing birds.

TM: United in a mission to build a country that works for everyone. And agreed on the approach that we take in Florence. That's what – you know I had a cabinet meeting before my Florence speech, everybody agreed that the position the United Kingdom is taking was absolutely the right one. We're going forward on that basis. But what you'll hear from us this week, is what the mission of this Conservative government is for people.

AM: If it's a nest of singing birds it's a nest with at least one enormous cuckoo and several vultures sitting in it as well. This is a cabinet that is not agreeing on very fundamental questions about Brexit. We have seen Boris Johnson publicly demanding more red lines. Saying publicly the prime minister must now do this, this, this and by the way on public sector pay she must do this. How can you tolerate somebody behaving like that in your cabinet?

TM: Boris is absolutely behind the Florence speech and the line that we have taken.

AM: But what's he got in his hand?

TM: And you've seen what Boris is saying is the importance of the approach that we've taken in the Florence speech. That has moved the discussion on. It has created a momentum in the European negotiations.

AM: We've got to finish, very quickly. Is he unsackable?

TM: Look, let's be very clear about what we have here in this government. We have a government that is determined to build a country that works for everyone. And you know what, you talk

about Boris' job, you talk about my job. I think the people watching this programme are actually interested in what we're going to do for their jobs and their futures and their children's futures.

AM: Time is sadly up. Prime minister, thank you very much indeed.