Marr: The threat to the steel industry as we’ve been hearing, with many thousands of potential job losses has brought the ideal of nationalisation back into currency. It’s being championed by Labour and I’m joined now by the Shadow Chancellor, John McDonnell. Welcome. You have talked about nationalise to stabilise. What does that mean?

JMcD: Well let me just be absolutely clear what we have said. We’ve got to give a clear way forward to the workers themselves and for our country and get the best deal for the tax payers as well, so we’ve said we need to talk to Tata, the existing owners, to get a realistic timetable to see if we can find another buyer. If we can find another buyer it’s got to be not an asset stripping job, we’ve got to have some guarantees. Keeping Port Talbot open for example. If we haven’t got that leeway in the timescale well then as a fallback, yes, nationalise in the short term to stabilise the situation, prepare the sector then for putting it back out to another buyer. That will give us the stability that we need within the sector. We’re also saying though, we’ve got to get a level playing field.

Marr: You’ve got to go back to Europe and get those tariffs up?

JMcD: Look, we’ve got to. I’m afraid we’ve been let down by our own government on this one and actually that was one of the issues that Tata actually prompted them to come to a decision to look at closure. We’ve got to get a level playing field. We also expected more support in the Budget on business rates from George Osborne - that never happened. We’ve also got to bring forward the infrastructure projects as part of an industrial strategy.
Marr: And what about energy prices 'cause that’s an obligation.

JMcD: Well we’ve looked at that again. We need to look at energy prices, we’ve given some support, but on the figures that we’ve seen the issues around climate change and energy price increases has only been about one percent. So it’s not the key factor but it does looking again. Finally, we know we’ve got to restructure in the industry in the company. The workforce and management can do that working with their customers, but there needs to be state involvement to secure the future.

Marr: There needs to be a pause, okay. But what we know at the moment is that Tata have said basically the whole thing will close, it will go cold, the workers will leave, the electricity will be shut off in six weeks maximum, so it’s a very short timescale. We also know that they’ve been looking for buyers for a year and they haven’t found anybody yet. There are two potential buyers being talked about in the paper. One is Sanjeev Gupta and he’s talking about not asset stripping but cherry picking. He doesn’t want the blast furnaces for instance. Would that be an acceptable option for Labour?

JMcD: I think we’ve got to look at all the options on the table itself. Part of the reason that buyers have not been coming forward is because they’ve not seen an industrial strategy in this country that depends upon steel. If we were in government now we would have an industrial strategy. We’d be working with potential buyers who’d have the confidence then about investment. That’s why I’m saying bring forward the ‘shovel ready’ infrastructure projects because they will then see that there’s a role for steel in this country.

Marr: So go faster with HS2 for instance?
JMcD: Exactly. And a number of other projects. We’ve estimated there’s about 35 billion of shovel ready projects that can be brought forward. My worry is that since 2010, only about one in five projects has actually gone onto the ground for completion. That’s not acceptable. We need better delivery on infrastructure, but part of an industrial strategy.

Marr: I guess the problem is that if you take it into public ownership while you wait for a buyer and a buyer doesn’t come on then the public are going to be left with this, costing a million pounds a day at the moment, possibly in perpetuity.

JMcD: Look, Andrew, we know this isn’t a zero cost exercise. If it closes now we could be into a cost of one to one point five billion a year just supporting people on welfare benefits, the collapse of local economies. We saw it over mining. We mustn’t allow – we must not desert these communities. We need an industrial strategy that encourages buyers to come forward. If we have to nationalise in the short term, fine, but that would be on the basis of securing the future of the industry.

Marr: If you have to nationalise in the short term and that leads to full-scale nationalisation, in your view, would that be a big problem?

JMcD: I think what we need to do is recognise that the best way forward would be to secure a buyer as quickly as we possibly can. I don’t think we’ll secure a buyer unless they see a government with industrial strategy that’s confident about the role of steel and infrastructure developments in the future. If we get that we’ll get a buyer. It’s all about timescales now.

Marr: One of the things that people say is that buyers are put off by the sheer size at the moment, the disproportionate size of the pension scheme. Do you think the government should, as it were,
nationalise the pension scheme to make the blast furnace and so forth more...

JMcD: Well, the responsibilities for the pension scheme will be there anyway 'cause we have a protection scheme nationally within this country, so those costs will be there anyway. But that's part of the negotiations with Tata. We can't let Tata walk away from its responsibilities, that would be part of the detailed negotiations.

Marr: Some people would say, there they go again, there's old Labour. First instinct nationalise, it'll be steel first, railways next, buses and so forth and before we know where we are it's back to 1963!

JMcD: Well, you haven't listened to me then. What I've said is that we need negotiations with Tata to get a realistic timetable for a new buyer. Hopefully a new buyer will come forward. If it isn't, nationalisation will be a fall-back to prepare them for then bringing the buyer forward.

Marr: You would always expect to put it back into the market after?

JMcD: I believe so, but we might want to say that there's a public stake there for the long term future to give us that security. It depends on the levels of investment. But, look, railway franchises have collapsed and they've been brought back into public ownership by this government and then put out again, so it does work.

Marr: So for instance, if a group by Liberty wanted to buy the downstream steel, the more specialist steelmaking but didn't want to buy the blast furnaces, the original bit that's losing such a lot of money, it might be something for the state to hang onto the blast
furnace bit in order to keep the entire steel industry alive in the private sector, for instance?

JMcD: I’d like to see a comprehensive development overall, a strategic development linked to our industrial strategy for the long term. In that way I think we can secure the long term health, not just of steel but our economy as well.

Marr: Specifically that proposal.

JMcD: We’d have to look at all options and see what’s best for the workers, the tax payers and the country overall. We’ve got to look for a long term future. This is our new politics: the strategic entrepreneurial state engaging, creating long term state patient investment, new products, new markets and in that way sharing the prosperity in the future.

Marr: So we could have a long term steel industry partly owned by the taxpayer, partly owned by private groups?

JMcD: We’ll look at all the options. My worry under the government is that we’ve had disarray. Anna Shrewbury, the Minister, only a few days ago said all options are on the table. The next day the Secretary of State said nationalise - we refuse to accept that. They were in disarray, complete disarray.

Marr: One other option that’s been talked about this morning is the German group, ThyssenKrupp and it’s thought that they would like to buy a lot of Tata’s European operations, including the very, very modern Dutch plant in order to shut down Port Talbot. What would you say to them this morning?

JMcD: I think for any new buyer we’d have to have a guarantee about Port Talbot continuing and maintaining and the Port Talbot workforce have looked at restructuring, they can become
competitive again, but again it has to be linked to overall industrial strategy in this country and government has a role to play in this.

Marr: However we look at it, whether it’s money well spent or not, Labour’s response to this does involve a huge extra burden on the public purse, doesn’t it?

JMcD: Everybody’s responsible. If the government allows our steel sector to close now, Port Talbot to close, it could cost us between one and £1.5 billion to keep people on the dole and have economies collapse in those communities. There’s no cost free option here, so what we need to do is make sure we invest the money so that we can turn that round, make the sector profitable again, we will need steel in the future if we’re going to rebuild our manufacturing base and in that way, actually at the end of the day, we believe we’ll get the best deal for the taxpayer, the community and the workforce.

Marr: Alright, let me move, if I may to one Labour Party issue. There’s been a lot of Labour Party stuff in the news recently, but above all fears that the party has an anti-Semitic fringe. There are people, including Chris Bryant, your own MP, the Chairman of the Board of British Jewish Deputies who just says that we’re uneasy about some of the - So my question is this: there is a principled position of opposition to the Israeli government and what it’s been doing and that can involve boycotts and so forth. At what point, in your mind, does anti-Zionist politics start to bleed into anti-Semitism? Where is the dividing line?

JMcD: As soon as Jewish people start telling us that there is anti-Semitism in our party we’ve got to sit up and listen. That’s why I said last week, if there are people who’ve expressed anti-Semitic views there’s no role for them in our party and I’d like them out of our party for life, to be frank. I believe what we should do is take the advice of the British Board of Deputies and our other Jewish
friends as well, to say how do we tackle this problem? 'Cause it’s a societal problem.

Marr: It infects the Labour Party but infects society generally.

JMcD: Yes, but if it’s infected any in our Labour Party we’ve got to root it out and I’m not having it within our party.

Marr: There was one example, I think a councillor, a Labour councillor who talked about Jewish people being very aggressive towards Palestinians and all having big noses, that kind of thing.

JMcD: That is unacceptable. You can be a critic of the Israeli state and its role, but you mustn’t allow that to any way be used by anti-Semites. We’ve got to root that out and we will do.

ENDS