JOHN McDonnell, Shadow Chancellor

AM: Now, if Labour is to recover from the Copeland by election defeat, the low poll ratings and the soft coup and the infighting, the party must persuade voters that it can be trusted on the economy. John McDonnell, the Shadow Chancellor who spent last week looking over a cliff, joins me now.
What did you see at the bottom of the cliff, John McDonell?

JM: Well I saw that it wasn’t the way to go anywhere and I think most people in the party saw that as well. We need to unite and that’s what’s happening.

AM: I don’t know if you had a chance to watch last week’s show when we were talking to Patrick McCloughlan and I put to him the Resolution Foundation figures for income distribution over the course of the rest of this parliament. Basically the bottom 60% or so forth have a really tough time coming as things are. What’s Labour’s plan to help them?

JM: Well, the latest prediction as well is on the government’s own forecast now. House of Commons have checked it out and people about 11 hundred pounds as well. We’re the only economy in Europe that’s growing while wages are falling, so it’s very clear what we have to do, it’s very, very clear. First of all, - well people need a pay rise. We believe that there’s a squeeze on living standards and we believe there should be a real living wage, that’s £10 an hour. We also believe that they need help with costs, so yes, capping energy costs. We believe actually bringing rail back into public ownership will help us on reduced fares as well, but also we need to address the difference between men and women. We’ve still got a gender pay gap in this country which is scandalous. All of those things can come about if we have a fair
taxation system, if we tackle – well we can tackle tax evasion, tax avoidance which is on an industrial scale in this country, end the tax cuts to the rich as we’ve seen under the Conservatives and to the corporations and invest and grow our economy. This is not rocket science, this is basically economics.

AM: Something slightly strange is going on, which is that your messages on all of that and on the NHS –
JM: are really popular.
AM: And on social care are really popular, but the party is not popular and that is probably because people don’t think it all quite adds up. So can we go through some of the numbers and can I start by asking for the definitive John McDonnell answer to how much the NHS now needs?

JM: Right. The independent estimates now on NHS and social care is between 8 and 12 billion. We believe that the government now put aside, as is reported, 60 billion – increased tax receipts in January have contributed to this as well for a crisis in case there’s Brexit. The crisis is here now in our social care and NHS.

AM: So we shouldn’t prepare for Brexit?

JM: Well we should prepare for Brexit but some of that money now needs to deal with the crisis in the NHS and social care. It is a crisis.

AM: So there’s 12 billion for that. Let me run through a few of the other things. There’s the cuts to disabled people which you have attacked as a very cruel cut, the 3.7 billion pounds on Personal Independence Payments. Presumably you would replace that?

JM: Well what George Osborne did last year when he was reversed on PIP he absorbed that money into the overall budget in
contingencies. We’d expect the government to do that as well. He absorbed that. He found the money within contingencies to do it. We’re expected to do that. This cut, remember what this is. This is a 160 thousand of the most disabled people in this country. The courts have ruled against the government.

AM: People with Alzheimer’s, it’s people with all sorts of things.

JM: Exactly. The courts have ruled against the government. They’ve got to address this issue. We cannot allow these people to suffer anymore.

AM: All right. Let’s move on. Now you also want to reverse the cuts to Universal Credit and Employment Support Allowance which your office suggests is going to cost you 14 and a half billion pounds by 2020.

JM: We’d look at two things basically. We would look at making sure we reverse the Corporation Tax cuts and we’d look at a fair taxation system. We’d look at tackling, yes, tax evasion and tax avoidance and we would be growing the economy as well. As we go forward now we’ll be publishing in detail all our tax proposals, obviously as we move towards the General Election itself. The overall principle about this is that we’ve got to have fairness back into our economy. That’s why I’m saying the wealthy and others and corporations should be publishing their income tax returns so we can see where there’s fairness or not.

AM: You said just now that the country needs a pay rise. That presumably goes to public sector works.

JM: It does.

AM: You said that you’re going to end the current freeze on public sector pay. Now if you go up by 1% that costs you five billion and
so forth, how much are you going to lift the cap on public sector by?

JM: That will be part of the negotiations.

AM: But presumably by inflation?

JM: Well, we’re looking to see what will come out of negotiations. What we want to do is make sure living standards are not eroded in the way that they are now. And do you know when you do that, what does that mean? It means people get a pay rise of course. We’ve got at the moment six million people living below the living wage. We’ve got four million children in poverty, two-thirds of them are in families where people are at work, so the wages are just not coping with what people’s needs are.

AM: Right, so do you think that pay rise should be pegged to inflation? Let’s come back to the original question.

JM: Well we believe it should make sure that people are not losing out in the economy. That means yes, matching inflation, but there are areas, there are areas where negotiations will settle at pay rises which are fair. I’ll just give you this example. In the 1990s I can remember campaigning saying that the directors of FTSE 100 companies were earning 50 times the amount of the average pay. We thought that was a scandal. That’s now 180 times. We’ve got a grotesquely unfair society.

AM: So there’s huge inequalities to be addressed, but I’m still going through the spending commitments because you also want to restore maintenance grants for the poorest students and bring back the Educational Maintenance Allowance for 18 year olds and that’s another 4.5 billion. I’m just saying this is beginning to add up a bit here.
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JM: Well let’s talk about how much has been giving to the corporations. We’re talking about 70 billion has been given away in tax to the corporations.

AM: Where does this figure 70 billion come from? Because if you restored the - if you didn’t cut Corporation Tax that’s 7 billion not 70.

JM: Well between now and 2020 the reductions down to the levels that the government want to reach is 70 billion. If it goes to tax havens –

AM: Sorry, it’s 7 billion, not 70. 7 billion a year.

AM: If you add up the Corporation Tax cuts, the cuts to Capital Gains Tax, the cuts to the Bankers’ Levy, the cuts to the Inheritance Tax it comes to 70 billion.

AM: So you’re adding all these things?

JM: Yes of course, and then if you look at what Philip Hammond threatened, which is to go to a tax haven Britain, so Irish levels of Corporation Tax, 120 billion. Can’t be acceptable in an unfair society.

AM: Let’s put those prospects to one side slightly and just ask you about two other things. Scrapping tuition fees. That’s something Jeremy Corbyn talked about in both of his leadership campaigns quite a lot. Is that still on the cards?

JM: Yes, it is and we’ll be looking at our tax proposals in the future about how we can afford that, but a big essence of this you know is we start growing the economy again, if we start investing in the
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economy we’ll grow the economy and we’ll be able to afford the public services that we need. The problem that we have at the moment, the economy is not growing on the scale that we want it to. In addition to that the rewards of that growth are not being distributed fairly. That’s why we have ...

AM: So in a sense you have to say to people cross your fingers and trust us.

JM: No, not at all.

AM: We will grow the economy so fast we’ll able to pay for these spending commitments?

JM: No, not at all. What we’re saying is we’ll have a fair taxation system, we’ll tackle tax evasion, tax avoidance, we’ll make sure there’s no longer give aways to corporations and the rich, we’ll invest in our economy and grow the economy and on that basis we’ll be able to afford the public services that we need and we’ll also be able to afford fair wages. It’s basic economics. This is sound common sense.

AM: What was the soft coup?

JM: It was a number of people I think stirring in advance of the Copeland by election and the Stoke by election.

AM: You talked about plotters. You were clearly talking about more people than Peter Mandelson who was sitting there and with whom you’re now having tea and Tony Blair. Who were you talking about?

JM: Well I think – so what, so Peter Mandelson said that week. He said every day I do something to undermine Jeremy Corbyn. I make a phone call or send an email. There must have been people on the end of that line, at the end of that email chain to receive it.
Actually what’s interesting, as I say, I think we’ve all looked over the edge on Copeland we’ve decided we need to unite the party now, and yeah, I will be having a cup of tea with Peter Mandelson. There will be lots of things we agree up, there will be some disagreements, but I think the most important thing that we’ve got is a responsibility to our party, but more importantly to the country.

AM: Would you go as far as to have a cup of tea with Tony Blair?

JM: Of course. I’m willing to talk to anybody. We need advice from everybody. But we’ve got to get –

AM: So literally you’re holding your hands out for progress in that wing of the party?

JM: Of course I am and I’ve said I’m happy to go along and talk about progress at any stage as well. Why? Look, I was on a march yesterday with NHS workers, nurses and doctors and people campaigning all around the country.

AM; And Jeremy Corbyn.

JM: Yes and Jeremy Corbyn, and we were there to listen to people. On social care our social care is in absolute crisis. The government’s cut 4 and a half billion from social care. Elderly people are not getting the care they need, they’re winding up at A&E, they’re then being treated on trolleys in hospitals, then they can’t come out of hospital because the social care’s not there. We’ve got to unite the party to provide an effective opposition so that we can form a government. I think Tony Blair and Peter Mandelson and myself, Jeremy Corbyn, all of us in the party realise the responsibility on our shoulders and we’re going to bear that and we’ll work together to do that.
AM: And whether you like it or not all wings of the party are looking towards next generations of leaders. You’ve talked about various people and the other side have talked about various people, everyone’s grooming people. How important is it the so called McDonnell amendment to lower the threshold. It is important because it’s got your name on it because you tried to stand for leader and couldn’t because of the MPs to allow more left wing figures to stand. How important is that?

JM: Look, let’s get this clear. I want to be absolutely clear. John McDonnell will not stand for the Labour leadership ever in the future again. Full stop. I’ve made that clear time and time again. I’ve campaigned for lowering the threshold for years but it’s not that significant to me because Jeremy Corbyn will lead us into the next election. Of course we’re building up a succession for the long term future and we’ve got some really great young talent coming through but they need more experience before, eventually they will succeed. Jeremy will take us into the next election, this at the moment is part of the debate within the party and that will be decided at conference, but it’s not a big issue.

AM: And what about all those people on the other side of the party who’d like to go back to the original selection system, the moves at the party conference?

JM: Yeah, I understand, I understand, but look we’ve got a huge party now, you know, half a million new members, largest political party in western Europe. I think our members don’t want to go back to where there’s just a small group deciding who’s the leader, they want a democratic stay and I think that’s the future. We’re a democratic party now engaging people, building - well building within communities as well and I don’t think people want
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to ever go to back to where decisions are made just by a small elite group.

AM: John McDonnell, future leader or not, come back again. Thanks very much for talking to us.

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