

ANDREW MARR SHOW, 7TH MAY, 2017

JOHN McDONNELL

SHADOW CHANCELLOR

AM: After very disappointing local election results, Labour has a new and cunning plan, according to yesterday's Guardian. The Shadow Chancellor, John McDonnell is to be deployed to reveal more about his values and his personal story. Sounds intriguing and the man himself is here.

Before we get onto that –

JM: I don't know where that story came from, but there you are.

AM: The Guardian. Let me ask you first of all about the local elections, because you said that the results were mixed. They were mixed between bad and very bad.

JM: Oh they were disappointing. They were really disappointing, of course they were. We fought hard and there were some mixed results, they weren't in some areas, you know like in Manchester and Liverpool and even down in Bristol in the south west of England we did pretty well, and also in Wales it wasn't as bad, but it was disappointing, of course it was.

AM: And who is to blame for this?

JM: Well I think we've got a period of time now in which I think we've not been able to get our policies across. Partly that's the media, I have to say, I have to be straight about that – but also we are campaigning also now with I think with a united party, our campaigning has got to step up a notch. So, you know, the General Election starts now. Local government elections are over, now it's the General Election. In broadcasting terms we get more balanced coverage in terms of a General Election campaign. Gives us the opportunity to put our ideas across, and also it gives the

opportunity for people to learn more about Jeremy Corbyn as our leader as well.

AM: And you think the more they see him the more they'll like him? Because that is not the evidence so far.

JM: Well I think it's important in a General Election in a democracy like this, it's important you put your policies out there straight forwardly, but also you show what type of person you are. That's why I want this debate between Jeremy and Theresa May and I don't understand why she is running from it. If we can have a debate in France between the two leaders for the Presidency, for arguments sake, why we can't here? And I think if they do see more of Jeremy they'll see the honest and decent person that he is, but also the strength he has.

AM: Shouldn't he do a debate with the other leaders in that case?

JM: Well, we'll see. I think it's important that Theresa May –

AM: Ah, so he might?

JM: - well let's see. I want Theresa May to respond to this because the reality is, whoever is going to be Prime Minister of this country after June 8th is either going to be Jeremy Corbyn or Theresa May. It's going to be one of the two major parties. We need her to actually say look, "I will debate this", what is wrong with that? We're a democracy for goodness sake.

AM: Because another reason about what's gone wrong for your party was given by yourself a few years ago. You said: "It is unarguable that no party leader can win an election if behind in the polls on economic competence," you said. Now you're way behind in them of course. They're 40%, you're 17%. And up to a point you must take personal responsibility for that?

JM: Of course. Look, we've been behind in the polls on economic credibility ever since the economic crash in 2007/2008 and that's happened to most political parties that were in power at that point in time, whoever has been Shadow Chancellor. However, of course I have a responsibility, that's why –

AM: You've had 18 months to get your message over.

JM: Yes, that's right and we've been trying to and that's why in this General Election campaign, I think there's a real opportunity now for getting that message across about how we will manage the economy in the future.

AM: And your message today is that if you earn £80,000 or more a year you'll be paying more in tax, but if you don't you'll be paying no more?

JM: Well what we're saying today, anyone earning below £80,000 we'll be guaranteeing you will not have an increase in income tax or VAT or National Insurance contributions. And for those above 80,000 we're asking them to pay a modest bit more. Why? To fund our public services. You had Theresa May on last week, Andrew – if I can just make this point – you put that very good question to her about nurses. 11% cut in wages over the last 7 years, some of them having to go to food banks. Our nurses? That cannot be right. So we're going to ask those higher earners just to pay a bit more.

AM: Are we talking about a new rate of tax because the 45p rate and then the 50p rate possibly under Labour?

JM: Okay, look, what will happen over this next week is that the Labour Party are a democratic party, we'll be consolidating and confirming our Manifesto. We'll launch it the week after next and

then will identify the very specifics of this. But I wanted people to
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AM: But you've said very clearly that people over £80,000 a year will be paying more.

JM: Will pay a bit more. A modest bit more. But let me say this. The reason I'm saying this – 'cause I want middle and lower earners to be assured that under Labour they will not be paying more taxes. 'Cause I've seen some of these ludicrous figures that the Tories have been bandying about and I wanted them to have that assurance.

AM: And you say a little bit more. So the John McDonnell who used to want people to pay over £100,000 should be paying 60% has changed his mind?

JM: I don't want to pre-empt any decisions that will be made within the democratic process of the Labour Party. You'll see it will be a modest increase –

AM: A modest increase?

JM: - but it will go - I'll tell you where it will go. To our education services, our caring services and our NHS. They're desperately in need. And I hope when Jeremy Hunt comes on you'll ask him these questions.

AM: I have lots of questions for him but can I ask you about again the policy for people earning £150,000, much richer off, is that still returned to the 50% tax band for them?

JM: You'll see – I'm sorry to argue in this way, or respond this way but, we have democratic process in the Labour Party. This next week will determine that level and then the following week the manifesto will be there and what I'll be doing, just to be certain, I

will be identifying for each policy the costing of that policy and the funding source.

AM: How are you going to pay for it?

JM: But the assurance I'm giving all the way through is that middle and lower earners will not have their taxes increased and there will be no stealth taxes either.

AM: Can I ask you about the stealth taxes in that case because you haven't specifically ruled out a rise in employer's national insurance.

JM: No, there's no plans to do that. I've never even mentioned that in the past and I haven't done now.

AM: The reason you didn't mention it was why people were suspicious.

JM: Oh okay, well let me lay their suspicions. That isn't happening.

AM: Not happening. And VAT, what about zero rated items? Are you going to extend the rate of VAT over other areas? You said you won't raise the rate of VAT but the extent of VAT.

JM: We've got no plans to do that. The only exception we made for that if you remember was we announced a couple of weeks ago this issue about private school fees where we want to put VAT on that and then we've got to use that to afford free school meals for all children. And I think that's fair.

AM: One final tax question. We've got the *Sunday Times* rich list today, very very rich people indeed. Are you attracted at all by the idea of a wealth tax on the very richest?

JM: Look, I'm quite shocked all the time about the inequalities within our society that we have and somehow we've got to address that and we'll be bringing forward ideas around that, both in terms of inequalities of wealth but also inequalities of pay.

AM: So wealth tax is possible?

JM: No, we're talking about individual areas which will come forward and every item of policy that we will be identifying we'll cost and then at the same time I'll identify the funding source. But we're talking about making sure our public services are properly funded and it is about - we're not talking about hitting people hard, we're talking about modest increases so that we can actually have a society which we believe everyone shares the benefits of.

AM: How much money do you intend to borrow over the next ten years?

JM: Right, okay. What we've been saying is we're basically saying in our capital programme we're having £250 billion worth of investments. That's about £25 billion a year of that ten year period to put into the upgrading of our infrastructure. Look, I want to make this –

AM: So this is a lot of borrowing and tax rises. Some people will say this going back to the 1970s.

JM: Shall I tell you? Shall I tell you whose advice we took in terms of borrowing? Philip Hammond. He said last year actually we need to borrow for our infrastructure and now's the time to do it. And also we took the figures from the CBI – the Confederation of British Industry – about how much exactly is needed if we're going to be competitive with our European and American competitors. And you look what Trump is doing, he's putting a trillion in.

AM: You are applying to be the second most important person in the country. And you're going to be the first Marxist Chancellor this country has ever had in modern times. How is that going to affect the way we go?

JM: I'm going to be the first Socialist in the tradition of the Labour Party. And what that means, it's going to be rooted – let me just finish – it's going to be rooted in Labour Party values and what are they? Fairness and equality but making sure that there is a democratic decision taken at every stage. So that means I will be including in the economic development process of our country businesses and trade unions and communities, local government, elected Mayors and we will determine together the future of our country. It will not be done by private lobbyists behind closed doors as it is under this government at the moment.

AM: The only reason I use the Marxist word is that you yourself have said again and again and again, "I'm clear, I'm an unapologetic Marxist."

JM: No.

AM: You don't say it on TV shows but you say it in obscure places like the House of Commons.

JM: What I've said – obscure places. They say whisper a secret and in the House of Commons no one hears it. But look the issue there is I'm in the strong tradition of the Labour Party which takes into account all of those economic thinkers, of course they do, and what I'm saying is the democratic decision making about the future of our economy will be open and transparent but will be inclusive. No longer will it be done by private lobbyists. It will be done by involving both sides of industry and will be involved in elected Mayors, local democracy, local community.

AM: Sure, okay. So a very, very clear simple question. Are you a Marxist?

JM: No. I believe there's a lot to learn –

AM: Is that a no or a yes? I couldn't work it out.

JM: Okay, no, we'll I'll tell you. I believe there's a lot to learn from reading *Kapital*, yes of course it is, and that's been recommended not just by me but many others, mainstream economists as well. But I also believe in the long tradition of the Labour Party which involves people like G.D.H. Cole, Tawney and others. You put that altogether and you have, I think, a direction for our economy based upon sound principles of fairness.

AM: Now looking - you mentioned *Das Kapital* there and the great prediction in *Kapital* which you have yourself raised, is that capitalism as a system will come down with an enormous crash. There will be a crisis and the entire system will fail. And you have said –

JM: Well that's where Marx got it wrong, didn't he? That's where Marx got it wrong.

AM: Because you yourself have said that you don't just simply want to replace the government, you want to bring down the system.

JM: I want to transform –

AM: Do you still want to bring down the system?

JM: I want to transform the system. That's where Marx got it wrong, we know that.

AM: So you don't want to destroy the capitalist system?

JM: I want to transform the system. I'll tell you how I want to transform it. I want to transform it in a way in which we have a prosperous economy, but where that prosperity is shared by all. Where it's economically sustainable, but environmentally sustainable as well.

AM: So you're not longer looking for a revolutionary moment?

JM: I'm looking for a transformative government which will – like the Attlee government which transformed our society will lay the foundations for a prosperous economy. There are countries richer but where everybody shares in those riches.

AM: Now we don't know what's going to happen in this election campaign. You may do very well and you may win this election campaign, but if you don't, you in the past have been very clear to me that both you and Jeremy Corbyn would then have to stand down. Do you still agree with that?

JM: Well, I'm not working on wild hypotheticals, we're out there to fight for every vote. It's interesting over the last week. There's been a rush of young people registering to vote.

AM: You say you won't do hypotheticals –

JM: Let me just finish this sentence. There's been a rush of young people - I think this is going to be a young people's election as much as anything. I think that we're in there with a real fight. We know how tough it is. But when it's tough –

AM: I didn't imply that all.

JM: - that's when the Labour Party comes out fighting and will I believe win this election.

AM: Okay, well let me just remind you about what you said to me on that same subject not so long ago.

(24th July 2016)

AM: Your critics think you can't win that election. If they're proved right and you do badly in that election and don't win it, will both of you resign?

JM: Oh that would be inevitable, wouldn't it?

AM: It would be inevitable ...

JM: Well of course it would. Every Labour leader who loses an election usually goes."

AM: And do you still agree with that?

JM: Well, I think we're going to win this election. Full stop.

AM: But you said it was inevitable if you didn't.

JM: I'm fighting to win this election, as are our 500,000 members out there. We're not contemplating any loss. We're going to win the votes and we're going to win this election. Why? Because our country needs us.

AM: John McDonnell, thanks very much for coming to talk to us.