ANDREW MARR SHOW
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OWEN SMITH

AM: Owen Smith. Why did Labour lose the last election?

OS: Because we weren’t seen by the country as being a credible alternative to the Tories. We weren’t, I think, telling a sensible, clear story on the economy and all sorts of other things and that’s what we’ve got to become once more.

AM: And yet in the course of this campaign you are suggesting an extra £200 billion of public expenditure, higher tax rates and so forth. Are you not tacking sharply to the left in the course of this?

OS: Well, let’s be clear. I’ve not said that we want higher tax rates for ordinary basic rate payers or indeed for middle class tax payers. I’d be giving them a tax break by cutting back on this pension tax relief. What I have said is the wealthiest one percent in this country, the millionaires, ought to pay a little bit more through the introduction of a wealth tax, and crucially on the 200 billion, Andrew –

AM: You want a 50p rate don’t you?

OS: 50p rate, yes, I’d put that up.

AM; And a wealth tax, so that’s higher taxes.

OS: That’s the one percent. That’s people earning over £150,000 a year in this country. It’s not ordinary tax payers.

AM: How much would that raise?
OWEN SMITH

OW: £3 billion for the 50p rate and a further 3 billion for a wealth tax.

AM: Is that enough to cover your huge expanse in public spending? £200 billion is a vast amount.

OS: No, no, no. The £200 billion is borrowing, so at the point of which interest rates are lower than they’ve been for generations, for 300 years in fact, I think it’s right for us to borrow and the Tories agreed because the Tories in their recent leadership contest, several of them were proposing precisely what I’m proposing. Slightly less generous. They were talking about £100 billion worth of borrowing through issuing what are called Long Dated Government Guilts. Debt of around 50 years duration. No economist in the country has disagreed with me about that.

AM: Well the IFS disagrees with you fundamentally about how much the 50p rate would raise. They say a hundred million, much, much less than you do and a much, much smaller amount, and these big taxes, unless they’re really savage and they bite on people’s property and their pensions and their stock market shares and so forth, don’t tend to raise the money that people expect.

OS: Well, we had an argument about this at the time, didn’t we, and looking back in retrospect it is clear that people did take money earlier or defer payment and we would have got an extra 3 billion if we’d kept that tax rate at 50 percent. We argued about this, I argued about this as the Shadow Exchequer Secretary at the time and I think most people agree that actually over time you would get £3 billion a year extra. All of the taxes I’ve talked about raise £13 and a half billion pounds extra in revenues. That would allow me to spend extra money on the NHS, another £60 billion over the spending period.
AM: But in terms of the Labour election it does sound like a strange kind of reverse Dutch auction, where you’re saying £200 billion, John McDonnell saying, no, no, £500 billion. If much higher public spending is the answer to Britain’s difficulties, why is he not right and you wrong?

OS: Well therein lies the big difference between me and Jeremy and John if you like because I think credibility is our problem. I’ve said explicitly how we would raise that money and no economist in the country has disagreed with me about the ability of the British government to issue long dated debt. We do it all the time. But John McDonnell said he want to raise 500 billion. He says he’s only going to do that through increasing the productivity in the economy and getting tax avoidance down. Now tax avoidance will raise maybe 30, 40 billion if we’re lucky and John’s talking about increasing the productivity to be a half a trillion over a five year period. That’s incredible.

AM: You all seem to me to be talking very, very big numbers but can I ask about one other thing?

OW: Well, but you’ve got to understand the numbers and I don’t think John does sometimes.

AM: All right, let’s talk about one of the other big areas where you differentiate yourself from Jeremy Corbyn, which is your attitude to Brexit. I simply don’t understand what your proposal is. You think the British people should have another chance to think about it, possibly at a General Election, but what happens then?

OS: My view about this is really simple. It’s not that we instantly need a second referendum, we need to get to the point at which we know what Brexit actually means – we’ve been debating it this morning. Theresa May says ’Brexit means Brexit’, the Brixiteers said it was an extra 350 million quid a week, none of that’s true,
so let’s find out what it actually is going to mean. I suspect it means worse terms and conditions. I suspect it’s opening up the NHS –

AM: But with respect you can do nothing about it. Next year Article 50 is triggered, the Prime Minister has been absolutely clear on this programme. She said again on this programme next year it’s going to be triggered and she has no plans for any kind of election until 2020. If it’s triggered next year we leave in 2019 so by the time of the next election, if you were elected as a Labour Prime Minister, it would all be over. What would you do then?

OS: Well, you’re right. If she were to trigger Article 50 before the British public knows what the real Brexit deal is I think that would dereliction of duty on her part.

AM: She has to because that’s when the negotiation starts.

OS: No, I don’t think that’s right.

AM: The EU have said we won’t negotiate until it’s triggered.

OW: Look, she’s already negotiating with the States, with Australia, with Japan about the sorts of trade deals. She’s already thinking I’m sure about what sort of changes to workers’ rights and terms and conditions she will want to impose. Nigel Lawson says it’s time to finish Thatcher’s revolution. So my point is simple. Once we know what the deal is that’s the point at which you have an extra democratic moment in Britain and either at a General Election with Labour arguing we should stay in because the terms of the deal are not what were promised to the British public, or if she hasn’t triggered Article 50 a second ...

AM: But it’s overwhelmingly likely that she does what she says she’s going to do and triggers Article 50 next year –
OS: At which point it’s finished, isn’t it? At which point we leave.

AM: Negotiations start, we leave in 2019. You become the Labour Prime Minister in 2020, perhaps, and then what do you do? Do you apply for Britain to rejoin the EU or do you shrug your shoulders and say well it’s all over?

OS: I think it’s very hard to answer ‘cause it’s a hypothetical question but I think if at that point we’ve gone into a further –

AM: A very hypothetical question.

OS: Well, at that point if we’ve gone into a further recession, if we had the prospect of another ten years of Tory austerity, if they were saying the price for our staying out is opening up the NHS to private sector competition and is at worst terms and conditions, more flexibility and less red tape as the Tories will no doubt dub it. And I think the sensible and responsible thing for a Labour government to do is to say we’re better off in the European Union and put that to people.

AM: So reapply? Reapply?

OS: Well hypothetically, but it may well be, of course, some of those things –

AM: You reapply, because the trouble with reapplying obviously is that as a new member state.

OS: - it would take a long time.

AM: it would take a long time. Also we would have to accept the Euro and Schengen.
OS: Potentially, but again we are getting into hypotheticals built on hypotheticals. I think the key thing is they’ve not said definitively – there was a couple of weeks ago they were briefing it might be 2019 before they trigger Article 50.

AM: The likelihood is that you would become Prime Minister in a situation where we had already left the EU and you are saying today –

OS: That’s possible.

AM: that in your view a sensible thing might well be to reapply for membership then?

OS: Depending on what it looks like, yes. I’m an internationalist and a collaborator and a co-operator. I want Britain to be part of an international – I want us to be part of the European Union.

AM: So if it’s vote Labour and reapply what does that say to all those Labour Party people who voted to leave the EU – in fact there’s been a survey done by an academic which suggests that something like 7 out of 10 Labour constituencies probably voted to leave and in massive numbers in the north east of England and in the midlands. Those people will look at Owen Smith and will say, hold on a second, he is ignoring what we chose to do. He is not taking us seriously and that will make him less electable than for instance Jeremy Corbyn.

OS: Well again Andy that depends, doesn’t it, when this happens because if we’ve gone into a further recession, if the NHS is on its knees as it is right now, if we’ve got the prospect of more Tory austerity then I think we will be telling a very different story to the British people and I think people in those northern cities don’t want more reductions in their livelihoods, they want to see investment in their communities and Labour at that point, at some
point in the future, I think could make a really strong case for us to stay within the EU.

AM: Owen Smith, your fundamental pitch is that Jeremy Corbyn is less electable than Owen Smith. What possible evidence do you have of that? He has been getting huge crowds all around the country, he’s been addressing massive rallies and when it comes to something like the BBC’s Question Time everyone pours over him at the end to get selfies, not, I’m afraid to you.

OW: Well they did actually afterwards and I was quite interested to see some of the Facebook pages from them saying, we coned the BBC by saying we were Owen Smith fans only to turn up to big up Jeremy. But the truth is of course you can’t mistake mass rallies for a mass movement. The Labour Party has to win back two million votes.

AM: It is a mass movement. He’s had 300 thousand people have joined the Labour Party since he became leader. It’s one of the biggest parties, if not the biggest party in Europe and that’s all his achievement.

OS: True.

AM: Doesn’t it show that he has mass appeal?

OS: He’s got mass appeal I think to a small section of the electorate. The reality is that 12 million people are what we need in the Labour movement voting Labour in Tory seats and Labour seats. Jeremy I don’t think can bring that along. If you look at the polls and how I appeal to a much broader cross section of society because of the extra credibility that I think I can bring to this and because of the clarity of what I’ve suggested, I suggest I’m in a better position to win those votes back than he is.
AM: Final question, very quickly, on a scale of one to ten how likely are you to win?

OS: Oh, ten, absolutely.

AM: Ten? Okay.

OS: Never answer seven and a half, Andy, always say ten.

AM: Thank you very much indeed.

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