ANDREW MARR:
One reviewer described the Prime Minister’s speech at the Conservative Party conference in Manchester last week as “daringly liberal”. Was it therefore music to the ears of the Tory grandee Ken Clarke with its bold pitch for the centre ground? One area where they don’t quite see eye to eye of course is Europe. The former cabinet minister joins me now from our Nottingham studio. Good morning, Mr Clarke.

KENNETH CLARKE:
Good morning, Andrew.

ANDREW MARR:
Now we are remembering of course this weekend the sad death of Geoffrey Howe. He … I suppose his big lesson for George Osborne was get the bad news in quickly – those first very, very tough budgets which set the course for the Thatcher government. Is that what George Osborne should be thinking about now?

KENNETH CLARKE:
Exactly so. When you’ve got yourself a mandate to actually put things right, get on with it quickly because you won’t keep popularity for very long. You’ve got to give time for the effects to show and put up with the difficulties because obviously everybody will protest if you do anything that isn’t straightforwardly popular. And Geoffrey’s early budgets laid the foundations for the huge improvements in the British economy that took place later in the 1980s. He was a creator really of the modern British economy. But you know I can remember in 1981 when the government was more unpopular than any time I can recall. At one point the Labour Party split, but we still were third in the polls behind the SDP and Labour and everybody assumed that the ultra left wing Michael Foot was obviously going to be the next prime minister. And I think it was the fact the economy began to improve, not just the Falklands. It was the fact that Geoffrey’s hard work was beginning to pay off that put us back in office in 1983 and paved the way for all the rest.

ANDREW MARR:
And in today’s context, we’re really talking about the tax credit changes, the tax …

KENNETH CLARKE:
(over) Sure.

ANDREW MARR:
… the removal of benefits. Now a lot of your colleagues – I was talking to them privately at the Conservative Party conference last week – are really, really worried that these are going to hit ordinary hardworking voters, the backbone of your own party’s support. What’s your message to George Osborne?

KENNETH CLARKE:
Well we don’t know how far it will hit those people. There’s a risk of that. But it follows on from the question you first asked me: is the tax credit system sustainable, can we afford it, are we going to sacrifice spending on health and education in order to maintain a system where employers find that their employees get the taxpayers’ subsidy on top of their pay? We’ve been subsidising low pay ever since this crazy system was introduced by Gordon and he kept putting it up, putting it up, and the idea that firstly you get your pay from your employer and then the taxpayer puts a subsidy
on top of it subsidises low pay. Now when he makes his changes, George, what we don’t know is how many employers will be able to start moving their pay to what they can now afford in an improving economy. At the moment we’re subsidising low pay, we don’t want a low pay economy. This is also obviously a change to the benefit system we need to make. So my advice to George is put your tin hat on, get on with it. And we don’t know … I hope employers will respond, we’ll move to a more sensibly paid workforce in this country.

ANDREW MARR:
Okay.

KENNETH CLARKE:
But don’t put it off because in the short-term it is going to be unpopular.

ANDREW MARR:
So that is the philosophical and fiscal case for what George Osborne is doing, but there’s an element of crossed fingers about it as well. Do you think it would be wise to smooth the edges of it, to mitigate the harshest effects?

KENNETH CLARKE:
I mean let’s compare George … Geoffrey Howe with George Osborne, which is … because there actually are very interesting analogies I think with the early 1980s. It’s not crossed fingers; it is a judgement. I actually share George Osborne’s view that this is essential if our children and our grandchildren are going to live in a successful, modern economy that’s rebalanced and able to compete in the totally new world that we’re beginning to face. Now if we’re wrong then of course we’ll have to pay the price because it won’t work, but meanwhile get on with it, stop looking at opinion polls and listening to the more nervous backbenchers. I think it’s … it’s bold, but I think it’s necessary and I think actually it will move us away from the very low pay levels which for some curious reason the government has been subsidising ever since the tax credit system was brought in.

ANDREW MARR:
Very clear advice about that. I don’t know if you’ve seen The Sunday Telegraph this
morning …

KENNETH CLARKE:
I have.

ANDREW MARR:
… but their briefing from the government. Four big points the Prime Minister is going to win from Europe and if you look at them closely they are pretty weak as water, a lot of them. There’s things we’ve had already and there’s vague philosophical generalisations. There’s nothing about the free movement of people and there’s nothing about benefits for migrants working here from the rest of the EU. This is not going to be enough, is it?

KENNETH CLARKE:
Well it’s … it’s you know sensible. We’ve put these things forward before. I personally think all of them are fine and I think they probably are achievable. I mean this isn’t the big question in the referendum. The big question in the referendum – again slightly repeating myself – it’s what sort of country are our children and grandchildren going to live in? What is Britain’s role in the world? I think we defend our interests and defend our values when we’re seen as a leading influential power in the European Union. That’s the 21st century. I think our economy thrives because we’re in the single market. It’s the biggest market, it’s easy, it’s close, and we’re a member so we influence how that market develops. Now these things today are … they’re all valuable things. There are other reforms I’d like to see that David set out before to the economy: completing the single market, deregulation, trade deals with the Americans, the Japanese and others. That is grown up politics.

ANDREW MARR:
Okay.

KENNETH CLARKE:
Confusing it with the migrant crisis …

ANDREW MARR:
Well …

KENNETH CLARKE:
... which is what Nigel Farage has always tried to do, and Euro-sceptics, is slightly irrelevant. We don’t want discrimination against people moving about Europe. There are two million Brits living in Europe for a start who I don’t want the French, Germans and Poles to discriminate against.

ANDREW MARR:
In which case what do you make of Theresa May’s rhetoric over the last week or so?

KENNETH CLARKE:
Well I’m you know quite a fan of Theresa May. The tone of the speech was all … all wrong. It depends what you actually do. This country has a tradition of giving refuge to people fleeing from war. The wars from which they’re fleeing, some of them, are ones in which we’re participating. There are British bombs in Iraq at the moment and maybe elsewhere, not just other people’s bombs – Americans and Russians and others – and some of these are genuine war refugees who we’ve always taken in. Some are economic migrants which you’ve got to hold them in a civilised fashion and work out where you’re going to return them to, how you’re going to make them safe. This requires a European wide agreement. But meanwhile she’s quite right, it’s got to be done in a sensible, organised, practical way. It’s no good just saying the world’s poor can come here if they’re tough enough and young enough to make it across Europe to get in. But we need an agreement with the other EU countries. We can’t be one of those just saying oh we’re going to shove this problem onto our neighbours …

ANDREW MARR:
(over) Sure, sure.

KENNETH CLARKE:
… because most of them want to come … a lot of them want to come here.

ANDREW MARR:
Meanwhile there’s a kind of brisk debate opening about the timing of this referendum
– whether it should be next year, whether it should be in 2017, when it should happen. What’s your view? There’s a certain worry on the No side, the anti-EU side that the country’s going to be bounced into an earlier referendum.

KENNETH CLARKE:
Oh the anti-EU side will reject all the reforms. They’ll say it’s all been fiddled, they’ll say it was bounced and held too soon or they will say it was put off for tactical reasons. I would rather get on with it, but you’ve got to finish these negotiations to decide what it is you’re going to present. Alongside the big argument about our long-term national interest, alongside that you’ve got to present whatever it is you’ve negotiated and get it over. I mean British politics has been obsessed with the European story for years and years and years. The Conservative Party gets quite neurotic about it …

ANDREW MARR:
(over) It sure does.

KENNETH CLARKE:
… and you’re not going to persuade the John Redwoods and Bill Cash’s of this world that they want to stay in any kind of EU …

ANDREW MARR:
(over) Alright, okay.

KENNETH CLARKE:
… and given decisions have been taken to have another referendum on it, the sooner we have that referendum the better. But …

ANDREW MARR:
(over) Ken Clarke … Sorry.

KENNETH CLARKE:
(over) … the trouble is it will be influenced by the personalities, the headlines of the day. That’s the trouble with referendums …
ANDREW MARR:
Okay.

KENNETH CLARKE:
… so I’m sure a great deal of thought is going in trying to work out when is the best
time to move to it and get on with it.

ANDREW MARR:
Okay, Ken Clarke from the shoe capital of Britain, Nottingham, thank you very much
indeed for joining us.

KENNETH CLARKE:
Pleasure.

ENDS