MARR: Welcome. You actually said ‘fermenting’ the overthrow of capitalism.

JM: That’s right.

AM: This is the overthrow of capitalism is a kind of beer.

JMc: Well, it was a joke on brewing, but there you are.

Marr: It was a joke was it?

JMc: It was, yes.

AM: I’ve always wondered what kind of socialist you would see yourself as being. Are you a Marxist, for instance?

JMc: Well, Marx is part of the socialist tradition. I’m a socialist in the tradition of the Labour Party which takes into account — right go back to William Morris, it includes, well, learning from Nye Bevan. That whole history of Socialism within our country. It’s British Socialism.

Marr: Because you’re quoted today saying you’re not really a Labour Party person as such, it’s a vehicle, when it’s no longer useful you hop off, it’s not a religion.

JMc: No, not at all.

Marr: but for an awful lot of people it is almost a religion.
JOHN McDONNELL

JMc: Of course it is. Well, that was a debate about why to join the Labour Party and I was trying to say look, the Labour Party I think is the best organisation for progressive change in this country and has been since our foundation. That’s the reason I urge people to join it.

Marr: Overthrow of capitalism. Would you like a world in which we were not ultimately governed by a capitalist system?

JMc: I want to transform capitalism so that we have a fairer society, a more equal distribution of wealth and as a result of that a more democratic society as well.

Marr: So would you see it as a kind of dynamic system, which produces wealth, produces innovation but has to be, as it were, tamed by politics rather than something that has to be overthrown?

JMc: I think you create a new society and that’s what we’re all about and I think the Labour Party is all about a radical transformation which makes society fairer, more equal, more democratic but based upon a sustainable economy because we know so much more about climate change now. That that prosperous economy, that prosperity needs to be shared better.

Marr: Now, when it comes to what – you’ve re-launched as it were the Labour economic strategy the very very big importance you put on, not austerity but on a balanced iron discipline from the new Labour Chancellor if that comes about. A lot of people think that sounds very, very much like Gordon Brown. It sounds very, very much like Ed Balls.

JMc: Okay. Look, it’s a wider ambition than just Labour’s fiscal credibility. I want to try and restore credibility to economic policy making generally. Not just within the Labour Party but across
politics too because we’ve had too long for example, like the last six years where we’ve had fiscal rules and which have not been met, deficits not been resolved, that sort of thing. So I’m trying to encourage a better economic debate. With regards to the Labour Party what I’ve said is quite clear. When we go back into government we’ll eliminate the deficit, we’ll reduce debt and we’ll ensure that’s supervised independently by the Office of Budget Review. That’s budgetary discipline, but it means that also we will invest and grow the economy.

Marr: So how is that different to what – you attacked Ed Balls at the time for being pro – I think you called it ‘austerity light’ and caving into neo-liberalism. How is this different?

JMc: Right. Three main issues really. One is that there will be a better discipline, it will be independently supervised by the Office of Budget Responsibility, reporting not to the chancellor but directly to parliament. Secondly I’ve introduced a rule as well that when monetary policy is not working that you introduce then – you make sure that fiscal policy is active and that’s what’s happening across Europe at the moment as well. But then thirdly, this is all about investment for the long term. Investment in skills, infrastructure and new technology. We’re on the same page as the wealth creators of our society, but at the end of the day, when we invest and we grow our economy that prosperity has got to be shared. We have a really unequal society at the moment as a result of this government’s policies. What we need to do is share that prosperity.

Marr: I want to come onto that but you place a lot of emphasis on investment. Investment, investment, investment by a Labour government in housing, new technology and so forth. Is there an upper limit to that investment? Do you have in your head a proportion of government spending or a figure?
JOHN McDONNELL

JMc: Okay. This is what’s interesting at the moment. The OECD is saying that just to stand still we should be spending about 3%, just over 3% of our GDP. What George Osborne is doing is he’s reducing that to about 1.3, 1.4. That’s unacceptable. What I want to do is make sure we invest in the long term and then we can withstand the global headwinds and that’s been the problem why we’ve seen such difficulty this week. I would make sure though it’s the wealth creators, the businesses, the entrepreneurs, the representatives of the workers themselves are the ones who advise government on the nature of investment, because if you take UK plc, if we were running it as a company, you would invest in the machinery to make sure you can produce the goods and makes yourself competitive against your competitors.

Marr: I’m starting to feel a little bit dazed at this point. Wealth creators, UK plc, entrepreneurs: is this the John McDonnell that I knew about for so long? Have you actually changed?

JMc: Look, I’ve always been like this. The Labour Party – look the secret’s in the name, isn’t it really? The Labour Party. We’re the representatives of the wealth creators. That’s the designers, the producers, the entrepreneurs, the small businesses, the workers on the shop floor, that’s always been the Labour Party tradition and I’m restoring Labour to that tradition.

Marr: Okay. Let’s return to investment then. There’s a difference and a difficulty about what is investment and what is not investment, so for instance would you regard paying higher wages to public sector workers as investment or as public current spending?

JMc: I’ve been touring round, I’ve been speaking to the CBI, the Chamber of Commerce, Trade Unions and all the rest. They’re saying three things. You need investment in skills, investment in infrastructure and that’s road, rail, renewable energy and you
need investment in new technology. If we do that we will get the high skilled jobs that pay the high wages. Wages will follow the investment and in that way that shares the prosperity.

Marr: But you have promised, as Jeremy Corbyn has promised, higher wages for public sector workers across the board. Now my question is, is that investment or is that current spending?

JMc: It flows from investment because if you...

Marr: so you can borrow to do that?

JMc: Well, all government's borrow. In fact this government is borrowing an awful lot, much more than it predicted. But all governments borrow. Let's take the analogy again of the firm. You will invest in the machinery and plant. You'll most probably take - and borrow to do that. That will mean that you're more prosperous as a company. We've got to become more prosperous as a country.

Marr: So does that mean that if, for instance, you want to give junior doctors higher wages or you want to give teachers higher wages

JMc: I understand.

Marr: you can borrow and say this is borrowing for investment so I don't need to cover it.

JMc: What we’re saying – no, no what you do is you borrow for investment to grow the economy. When you grow the economy that means there more taxes paid and as a result of that you can afford the public services. It’s that – it is that long term investment, patient investment that we need. I’ve set up this Economic Advisory Council of the world’s leading global
economists who are advising us on this and exactly following their advice.

Marr: and on that Council, I’m glad you raised it, there is Mr Varoufakis.

JMc: No, he’s not, no he’s not, you’ve got that wrong.

Marr: I thought he was advising you.

JMc: No, he’s not. Mr Varoufakis is doing one of our lectures. The Economic Advisory Council is Joseph Stiglitz, Mariana Mazzucator, Simon Wren-Lewis and people like that.

Marr: So he’s not, but he is somebody you admire and who admires you.

JMc: Oh he’s stimulating the debate.

Marr: Absolutely. Now that he has said is that the Euro has been like economic terrorism to his country and that there is no democracy in Brussels, working class people in Greece are being absolutely hammered by what’s happened and yet the Labour Party is in favour of staying inside this machine.

JMc: Well look I wouldn’t use that – his language. We always argued to keep out of the Euro and that was the right decision that Gordon Brown made on that in the past. What we’re saying is that we need to reform the European Union. We need to stay in though to make sure that reform comes, and the reform is about making it more transparent, more democratic and actually change its economic policies as well.

Marr: But you can’t reform is really can you because you look across Europe and the right and in some cases, the far right, are
on the march there. On the march in France, as we’re hearing in Germany, across eastern Europe, in Scandinavia, Europe is moving sharply to the right, you know the borders are going up, this is not a Europe you can make into a social democratic union.

JMc: Well that’s why we’re meeting with on a regular basis our socialist and social democratic parties across Europe, cos we’re going to present an alternative agenda. After this budget is out the way I’ll be going on the stomp around the country arguing for that alternative agenda and it will be about reform from within, a reform on the basis of making sure again that we have prosperity across Europe shared by all.

Marr: The TransAtlantic trade deals you regard this as something deeply malign and dangerous. Explain to me why.

JMc: Well because it is being negotiated secretly and because it has the potential of overriding the decisions of democratically elected governments. That’s why we need to stay within Europe to make sure whatever trade treaties are negotiated they’re negotiated in the interests of all, and not done secretly and not overriding democratic issues.

Marr: But if we weren’t in Europe we wouldn’t need to worry about it. I mean it just seems to me on lots of things whether it’s the political direction of Europe, whether it’s the effects of the Euro on working class people across southern Europe, whether it’s the effects of neoliberalism and the banking system inside the EU, you are instinctively and completely against the EU. And it’s tactical all of this isn’t it?

JMc: No it isn’t. It is a matter of principle that we need to solve these major international problems, global problems that are facing us like climate change, like migration that you discussed earlier. Like the world instability. We need to that through
international cooperation. The European Union gives us that opportunity but it does need reform.

Marr: Your party doesn’t sound like you really care about Europe.

JMc: Well, look, I’ll be on the stomp after this week and you’ll see our campaign. I think Alan Johnson’s done a great campaign up until now on behalf of the Labour Party, but you’ll see Jeremy Corbyn and me and the rest of the Shadow Cabinet on the stomp around the country arguing for our Europe, a people’s Europe, one that’s reformed but one in which prosperity is shared by all but it’s done on the basis of a democracy and openness and transparency.

Marr: on the Stomp. John McDonnell thank you very much.

ENDS