

ANDREW MARR SHOW, JOHN McDONNELL, 15<sup>TH</sup> OCTOBER, 2017

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JOHN McDONNELL,  
Shadow Chancellor

AM: John McDonnell, you have said that if this government can't negotiate a proper deal they should make way for a team who can - which means you. So let me ask you first of all about the money, which is clearly the *big* issue confronting both sides at the moment. Would a Labour negotiating team offer the EU more money now?

JM: Well we'd say and we've said this all the way along, we've established objectively exactly what our liabilities are. We should be open and transparent on that. We've asked the government to publish their advice on this and whatever that says we'd abide by that. We'd accept our liabilities.

AM: So what do you think the liabilities are? Do you think for instance pension fund commitments are part of our liabilities?

JM: Well I think we needed proper advice on that. The whole point about this process is that I - it's not just me, it's members of the Conservative Party as well as other parties we want the government to say exactly what their advice is on this.

AM: But if you want them to say that, which is perfectly reasonable, it's reasonable for me to ask you what your position is.

JM: Yeah, but they hold all the information in their hands. They've got the legal advisors etc in front of them.

AM: Oh come on, you can tell us a bit more than that. Do you think for instance structural funds that we have entered into

before the – while we were members of the EU are things that we obligations for?

MD: We've said already we'll live up to our liabilities and if that is pension funds –

AM: Structural funds, pension funds, obligations from overseas aid.

JM: Well that's exactly – that's exactly why we need the legal advice that the government has got published so we know what legally we're obliged to pay for. Until we get that we can't even make an assessment. That's not a difficult question for me.

AM: Keir Starmer says this must be spelt out. We must be absolutely clear about it.

JM: Yeah, of course it does.

AM: All I'm saying is that if that's the case for the government team we need to know what the Labour position is as well.

JM: Listen, Andrew, this is the point I'm making. They're in government, they have the lawyers advising them. Civil servants, objectively advising them exactly what the legal position is. And we're saying to them publish that and let's do this on a cross party basis and we then know exactly what our legal liabilities are, then we can say to the European Union this is what our liabilities are and we'll pay for them.

AM: So if it turns out that it's something like 60 billion extra pounds Labour will be prepared to pay?

JM: I don't think it is anywhere near that.

AM: But you don't know, you haven't the advice, it might be. It might be a hundred billion.

JM: That's what I'm saying. I can't see it being that much objectively myself, just standing as an external observer. But what's wrong with just publishing the information? Because then we can say to our European partners this is exactly what our lawyers are telling us and that's what we'll stick to.

AM: And if you see those commitments there, you will pay that price?

JM: Oh, if they're legal liabilities we have to and we've always said that, but let's have that proper advice.

AM: So it is at least from your point of view as an observer, perfectly possible that at the moment we have much, much higher legal obligations to pay to the EU than has been announced so far?

JM: I can't say that. I can't say that because I'm saying to government –

AM: You must know it's possible.

JM: No, I don't think – my own view, and I'm just coming at this from what information we have before us, I think some of these figures have been inflated, but I can't make that judgement, neither can you, nor anybody else, unless we see what the legal advice is to the government. And that's perfectly reasonable, isn't it? What else can we say?

AM: As an observer and a keen economist, what happens to the British economy if there is no deal?

JM: I'm not countenancing no deal. I'm not willing to countenance that. I don't think it's a realistic option.

AM: But it's, I mean the government's talking about.

JM: It's not going to happen.

AM: They're talking about it.

JM: There is not – I don't think there's a majority in parliament for no deal. I think on a cross party basis you'll see in the debates in the coming week the government will get the message, there will be a deal.

AM: Are you saying that the House of Commons can stop the government from a no deal situation?

JM: I don't believe there's a majority in the House of Commons for a no deal and I think the government needs to recognise that.

AM: But there is no vote on that in the House of Commons. The government can negotiate what it wants.

JM: Well when we amend the legislation, which I think we will, I think there's a majority to do that, to have a meaningful vote is what we've said all the way along, we'll be able to say to government whatever you're negotiating it will not be on the basis of no deal because the damage to this economy will be so great.

AM: Isn't this really, really bad negotiating skills?

JM: No, not at all.

AM: You heard Richard Tice and he was saying if we haven't got a plan B, if we haven't got a way of getting out of it then they are just going to screw the screw tighter and tighter and tighter?

JM: Look, my background before I came into parliament I'm a trade union negotiator. I was Chief Executive of the Local Government Association with an office in Brussels. I negotiated in Brussels. You do not negotiate in this way or from any negotiation. What you say is what's our mutual interest and you

have mutual respect and on the basis of mutual interest and mutual respect we believe we can get a decent deal, because our European partners are dependent on us as we are upon them for this deal working. It will damage them as much as us. We should not – this isn't about – let me just say this Andrew. I worry for our country as a result of what's happening within the Conservative Party. This isn't about negotiating with Europe, it's about fighting amongst themselves. If they can't negotiate a deal they should get out of the way and let us do it.

AM: But you can't stop this. I mean they are doing what they are doing.

JM: Parliament can. Parliament can. I don't believe – and you've seen in the papers today –

AM: How?

JM: Well they haven't got a majority to get through a no deal situation in power. We amend the legislation for parliament to have a meaningful vote that will force the government to negotiate and come to their senses and negotiate properly.

AM: And you're talking to Tory MPs about this right now, I assume?

JM: There are discussions going right the way across the House.

AM: And when are we going to see this vote because at the moment, as I said, the government are talking about no deal?

JM: Well exactly. Shall I tell you why we're not seeing a vote next week? Not because there's 300 amendments that have been put down, most of them by actually their own side, but because they're now negotiating with their own backbenchers on just how much they can get through. They're more interested in negotiating to save the party, the Conservative Party than they are in the

interests of the country. That's why, that's why I think actually it is a disgrace. They should come to their senses, behave responsibly and look after the interests of the country.

AM: Let me just take one step backwards and ask you again because we can't know what's going to happen in these negotiations, we're not there. It is possible from what the government have said and from what Michel Barnier and Mr Juncker and others have said, that despite all the optimism we end up without a deal. I ask you again, what would that mean for the British economy?

JM: Well we've said, and you've seen in the papers today, it's not just me saying it, business leaders in particular, and trade unions so representatives of all sides of industry are saying this could be disastrous if we got to WTO rules. That's why we need a new relationship with the single market. I think, I genuinely think this, there are enough sensible people in the House of Commons to say this cannot happen. We cannot damage our country this way. That's why I think no deal's not an option. We've got to say to the Prime Minister, we've got to say to the Prime Minister, stop this squabbling now. These internal party conflicts have got to be put to one side in the interests of our country.

AM: Okay. You think this, you hope this, but you can't be sure what's going to happen next. Labour might very well come to power quite soon. You might be a Labour chancellor quite soon after a no deal scenario when the economy is in deep trouble because of that, in your view. In those circumstances do you look again at your plans? Do you reschedule your plans, do you drop some things, do you look again at your spending plans?

JM: We will deal with whatever mess the Tories leave behind. But I'm not willing to countenance no deal. I will work with anybody in

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parliament to secure a decent deal for our country. I will put aside any party interest in the interests of our country.

AM: You said at the Party conference that you're going to take back all those PFI deals. How much does that cost?

JM: I don't think it will cost us anything in the long run. Let me just finish this.

AM: I'm looking incredulous that's all.

JM: I know, I know. 190 billion is going to be paid out on these deals. We now – it's not just me saying this. Public Accounts Committee, National Audit Office are saying what bad deals they are.

AM: But you have to buy them back, don't you?

JM: Let me just finish this point. Larger amounts, up to 30% paid out in profits to these companies. We believe we can negotiate and we'll start a process of negotiating to bring those back. We don't believe – we think we'll save money as a result of this, it will not cost.

AM: You also said in that speech that you wanted to nationalise the construction industry.

JM: No, I didn't say construction. I said energy.

AM: On the Today Programme I think.

JM: No, sorry it was energy construction. It was misconstrued.

AM: Oh energy construction?

JM: Yes it was, because what we're doing now is on the German model and Scandinavian model we want to rebuild our energy sector at the local level on alternative energy sources.

AM: You also mention a much, much bigger issue probably for the whole of the UK, the huge tech companies that are reshaping our lives, reshaping our economies, Amazon, Uber, Google, Apple and so forth and you have suggested that something must be done about them. Are you suggesting some kind of nationalisation of part of their assets?

JM: No. No what we've said is that we – it's called the Fourth Industrial Revolution and there's two big challenges that we now face in the long term. One is this fourth industrial revolution, the new technology that's transforming our lives and climate change. So what we've said is that we need to do what other countries have done, Germany, France, actually US, China, we need to invest in our infrastructure to enable us to be able to exploit that new technology in the interests of everybody. That's why we're setting up the National Investment Bank to work alongside these companies, but we will look at public ownership of new companies coming up, workers control.

AM: You raised the question of a run on the pound. Can I ask you how do you stop a run –

JM: No I didn't.

AM: You did.

JM: It's interesting.

AM: I've got the quote here.

JM: Get the quote right.

AM: 'What happens if and when they come for us,' you said.

JM: I was asked the question –

AM: 'What if there is a run on the pound. What happens if there is this concept of capital flight?

I don't think there will be but you never know, so we've got a scenario plan for that.' That was the quote.

JM: The phrase you use is 'I raised the issue.' I didn't raise the issue, a question was put to me.

AM: Alright, you answered a question.

JM: Exactly and I said I don't think this is going to happen. I'm convinced it's not going to happen. I'll tell you why, 'cause I've been talking to asset managers for the last 18 months and what they're looking for is consistence – let me finish this point – consistency and planned economy in terms of the way we're putting forward ideas.

AM: But you also said that you had a scenario to plan for it.

JM: Of course we would, I said –

AM: So I'm asking you again, how do you stop it happening?

JM: You prevent it happening. That's the point I was making. What I said is when we go into government of course we'll make preparations for every scenario. But in talking to the people in the City and elsewhere and foreign investors, they're saying to us what we want is a government that's clear on where it's going, has a proper plan and sticks to it. That's what we'll do. They're coming to us for assurance.

AM: There are two ways of stopping a run on the pound, as I understand it. One, you can raise interest rates and two, you can impose capital controls.

JM: But we wouldn't have it.

AM: So we shouldn't worry about it at all, not gonna happen?

JM: Andrew, you've misunderstood. We've just had a run on the pound.

AM: Well it's gone down. It's not quite been a run on the pound.

JM: 14%. The pound plummeted after Theresa May sat down after her speech. We've just had one. But what I'm saying is the way you ensure you don't have a run on the pound is you take the preventative measures and what the asset managers are saying to me is be straight, tell us what you do, something we won't agree with, something we will but as long as we know what we're doing we can ensure that we can invest in your economy. There's going to be no tricks up my sleeve. We've published all our plans. We're going to be consistent in what we're doing and the one thing we won't do is fall apart the way this government is doing. And do you know these investors are coming to us for assurance because they're not getting from the government.

AM: I do like the picture of John McDonnell sitting down with asset managers all the time. Thank you very much indeed for talking to us.

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