

ANDREW MARR SHOW

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JOHN MCDONNELL

AM: Can I ask you first of all, if you're a public sector worker and you're watching this programme what can you expect from a Labour government?

JM: We'll end the pay cap. We've made that clear. We've set aside four billion by the end of the parliament on an annual basis to enable that to happen. We've looked at the Office of Budget Responsibility forecasting about how pay will rise, and it will certainly match inflation and some review bodies – because it'll be set by review bodies – I think will try and compensate for some of the losses over the last seven years. Now, again we're very clear, unlike the government, which has set a pay cap the review bodies have to follow, it will be up to the review bodies to make recommendations that we will adhere to.

AM: But you know that as Chancellor you will actually write letters to the review bodies setting the overall policy, the environment in which this happens.

JM: But it will not –

AM: Don't you think that public sector workers deserve a little bit more than inflation, actually deserve a pay rise?

JM: I think they do. But that will be up to the review bodies. What I won't be doing is what this government has done, is actually write to the review bodies said, "yes, you can review the pay but you can only go up by one per cent." Which effectively means a pay cut for most people.

AM: So to deal with that pay cut that goes back five or seven years in some cases, you would raise public sector pay. What we don't know is would you raise it so it's in line with private sector pay by and large?

JM: What we'll try to do is say, look, these review bodies will have to look at all these factors. What's happening in the private sector, what's happening in the economy overall, and some with an honest judgement of what they think is best. What we can't do – if I can finish, Andrew – what we can't do is what this government has done, is set an envelope which is unreal in relation to what people are earning.

AM: But the real question is how much you're going to give these people. Because if you are going to match private sector pay, according to the OBR, that rises to about nine billion a year, and that's money that's not budgeted for in your manifesto. Are you prepared to spend money beyond the manifesto to help public sector pay?

JM: The figures are these: The government said that the pay cap would save them five billion, so they think the cost of overcoming that pay gap is 1.25 billion a year. We've put four billion in. Others have said higher than that, but I believe some of their figures are not accepting that some of that will be national insurance payments that are paid back to government as well. What we'll make sure is people get a fair pay rise. They will not have a pay cut as a result of inflation. And yes, if we can address some of the problems that have happened as a result of government policy that are holding people back, we will. Because one of the issues that we've got is –

AM: All I'm saying is that is extra money beyond what you've budgeted for.

JM: No, we've taken the OBR figures on pay rises and that's what – why we calculated four billion.

AM: Sorry, I beg your pardon. To be absolutely clear, to match inflation costs four billion, and you've budgeted for that, but to go beyond that and give people a pay rise will cost more, because that is not budgeted for.

JM: No – greatest respect – what we looked at was the OBR figures on their predictions of pay rises in the future. That’s how we arrived at the four billion. The issue for us is how do we ensure people get proper pay. Because at the moment we cannot retain staff. We’ve just lost 25 per cent of the teachers recently recruited, same with nurses.

AM: “We assess that if public pay setting is delegated to the pay review bodies by the Labour Party,” as you suggest, “the bodies would be likely to increase public sector pay in line with private sector pay. And our analysis implies an additional 9.2 billion a year,” they say, for the higher cost of employing public sector workers. That’s the IFS.

JM: The IFS have come up with that figure, and what we’ve said to them is actually we are following the OBR, the government’s own body that recommends to government what the figures should be. However, on the IFS figures, they’ve included things like national insurance paid by employers, which comes back to government anyway. They haven’t looked at the tax that will come back as a result of that. So we think – well, the government have said 1.25 billion, IFS have said 9.2, which I think is an overestimate, we’ve pitched ours at four billion based upon the Office of Budget Responsibility.

AM: But that doesn’t allow for a pay rise.

JM: Yes, it does. The OBR figures –

AM: You said that’s inflation.

JM: No, the OBR figures are based upon their prediction of how wages will rise.

AM: Okay, let’s move on to another issue. I mean, we’ve seen Angela Rayner sitting in that very chair last week, and she was talking about Jeremy Corbyn’s promise to the electorate just a few days before the election that he was going to look at wiping out

historic debt accumulated by students. And she said that would cost around 100 billion. Is that a figure that you recognise?

JM: Yes, it is about that. The problem that we've got, the system is in –

AM: It's a lot of money.

JM: It is a lot of money. The system's imploding, that's the problem. Half of the student debt we now know is not going to be paid back, so the system itself is falling apart. We've got to look at the system, and what we'll be doing is inviting people to come and advise us and we'll try and do this ensuring we use economists from across the piece as well as educators.

AM: But you will try and pay off that historic debt?

JM: Well, we'll look at what we can do. It's a real ambition that we've got. But of course we can only –

AM: It sounded like a promise at the time, that's the problem.

JM: What Jeremy said is we recognise young people are coming out of college now with debts of £50,000. They cannot even think about buying a house or getting on the property ladder. So we've got to tackle that. But the issue is the system's got to be tackled anyway because it's falling apart.

AM: Okay. So a very simple question, the students who have accumulated debt in this country, would a future Labour government help them out by at least dealing with some of that or not?

JM: We're going to try to. We're going to try to. It's a real ambition of ours. I don't want to promise something we can't deliver. What we – let me just finish.

AM: It was a promise just a few days before voting.

JM: It wasn't a promise. What Jeremy said, we're going to try and tackle this issue. And one of the reasons we've got to tackle it is because the system itself is collapsing. And Andrew Adonis –

AM: The reason I'm asking you about this –

JM: Let me just finish this point, Andrew. Andrew Adonis, the very minister who introduced this wrote last week saying this system has got to be scrapped because it's not working.

AM: So scrapping the system is also, as it were, dealing with historic debt.

JM: Of course it is.

AM: And this felt like a promise. It was made in the New Musical Express, the NME read by huge numbers of younger people and younger voters thought it was a promise. But it sounds like it's a vague aspiration now.

JM: No, not at all. Let me just be clear. What we said in our manifesto, we'll scrap tuition fees, we'll scrap tuition fees. If we can help them deal with the debt we certain will do. And what we've said very, very clearly, because the system's collapsing, to be frank whoever is in government has got to tackle this. Can I go back to this issue about low pay?

AM: Please do.

JM: Because you've seen what the Chancellor said in Cabinet about low pay, how public sector workers are overpaid. I was at Bart's Hospital yesterday with the cleaners, who are now on strike. Why are they on strike? Because they asked for 30p an hour extra and were refused it. One of the cleaners gave me a pay slip. This is a pay slip copied to me. This woman, full-time worker, earns £297 a week. At the moment the median rent in London is nearly £1500. To buy a house in London is half a million pounds. Ask Philip Hammond if he can live on that.

AM: I certainly will. It's a question for him, not for me, but I certainly will. Let me return to the question, however, of overall Labour spending and read you something that the IFS has also said. "Labour would raise spending to its highest level since the mid-1980s," that's based on your manifesto. "And record levels in peacetime. The tax burden would increase to its highest level

since 1949." That is why a lot of people looked at you and Jeremy Corbyn, many voted for you but many others flinched.

JM: Where is that tax burden falling? 95 per cent of the people, income earners in this country, taxpayers, will not have any increase in income tax or VAT or national insurance. We're asking two groups to pay a bit more: The top five per cent of earners, but also the corporations. Why am I saying that? Because the corporations have had their taxes cut by this government on a scale we've never seen before in our history, and as a result of that we're not getting the business investment. They're sitting on £580 billion worth of earned income not being invested. We believe that it is a political choice. We believe that political choice should be those, the richest and the corporations, should pay a bit more. Why am I saying that? Well, let me just say, the Resolution Foundation report this week said after the recession ten years ago the one per cent, the richest in our country now have recovered. The 99 per cent are still suffering. Even down to the figures where one of the figures was 42 per cent, so nearly half of the people in this country can't afford a holiday this year. That's scandalous.

AM: Well, let me ask you about the business side, the corporation tax, because we are on the edge of these Brexit negotiations.

JM: Of course.

AM: Do you think that leaving the customs union would be disastrous for British business?

JM: Let me just say about the tax, the corporation tax increase, will still be the lowest in the developed countries. I believe we have to try and maintain the benefits of the customs union, and that's one of the issues we've got to negotiate.

AM: What does that mean? Does it mean staying inside or leaving?

JM: Keep all the options open, keep all the options open.

AM: So under Labour we could stay inside the customs union?

JM: We're keeping all the options open. We're concentrating on the objectives rather than the structures. And that seems to have a resonance across Europe at the moment.

AM: What about the transitional arrangements? Because a lot of businesses want us to effectively stay inside the EU for maybe four-five years ahead so that they can plan for the exit.

JM: Most of the businesses I've been talking to are saying at least we need a two-year transitional period. There might be different transitional periods for different sectors. But everyone realises there has to be a transitional period. That's why we're pressing the government on that.

AM: And when it comes to what happens in the House of Commons, you want the Conservatives to collapse and to have a general election soon, but there's no necessary sign of that. They could carry on for five years. So inside the House of Commons you can exercise some pressure as the opposition party, so do you use that to get a different kind of Brexit?

JM: The problem that we've got is, as you've seen from this week, the Conservative Cabinet are fighting like rats in a sack. The Europeans want to know what our direction is, what is our negotiating position? There's a different negotiating position virtually every day coming out of this government's Cabinet. It's falling apart. In the interests of the country my view is that they should stand down and let us form a government so that we can negotiate on Brexit in the interests of our country, protecting jobs and the economy. If they don't do that, in the House of Commons we'll try and get a majority of MPs to vote for a sensible Brexit.

AM: One other thing I must ask you about, do you regret saying that the people who died in Grenfell Tower were killed by political murder?

JM: No, I don't regret that. I was extremely angry with what went on. And I'm a west London MP, this site is not far from me.

Political decisions were made which resulted in the deaths of these people. That's a scandal.

AM: But murder means a specific thing. Murder means a volition to actually kill another human being. Intentional killing.

JM: Look, there's a long history in this country of the concept of social media – murder, where decisions are made with no regard to the consequences of that, and as a result of that people have suffered. That's what's happened here. And I'm angry about it.

AM: You regard it as murder?

JM: I believe social murder has occurred in this instance, and I believe that people should be held accountable.

AM: So who are the murderers?

JM: I think it's been a consequence of political decisions over years that have not addressed the housing crisis that we've had, that have cut back on local government so proper inspections have not been made. Cut back 11,000 fire fighters jobs have been cut as well. Even the investment in aerial ladders and things like that in our country.

AM: So the politicians who sanctioned the cuts are murderers?

JM: I believe the politicians ought to be held to account. I remain angry at how many people have lost their lives as a result of political decisions that have been made over the years. I was one – I set up a –

AM: To be absolutely clear, these decisions happened under Labour and Tory governments over the years, over the years.

JM: I set up the Fire Brigades Union Parliamentary Group. Way back in 2004 I raised the issue of sprinklers. All through this last seven years in particular I've been going along with ministers on behalf of the FBU to say stop cutting fire fighter jobs. Stop undermining national standards. No one was listening at that point in time.

AM: Very, very strong word to use, but murderers is still how you regard the politicians who took these decisions?

JM: I do resile from what I've said, and I remain angry at the loss of life that's taken place not far away from my constituency.

(ends)