THE ANDREW MARR SHOW
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PHILIP HAMMOND

AM: Can we start by talking about New Zealand. The Home Secretary Sajid Javid has said that the media companies, Facebook and the rest of them have to own this and take ownership, enough is enough. Do you think there needs to be a change in the law?

PH: Well, the big media companies certainly have to do more. As the world becomes more and more digital we have to find ways of ensuring that our digital environment is regulated as effectively and behaves with the same standards and norms that we would expect in the real world around us. And that clearly isn’t happening at the moment.

AM: Some members of your own party have been accused of Islamophobia. There is a sense that we haven’t taken Islamophobia seriously enough in this country, do you agree?

PH: Well, I think we’re very clear about there being no place in Britain at all for any kind of attacks or hatred based on race or ethnicity or religion. And that should be applicable across the board. We’ve been focused on certain kinds of violent terrorism but we need to be clear that it can come from anywhere, and what we’ve seen this weekend is a stark reminder that violent terrorism comes from all sides of the political spectrum and all sides of the religious argument.

AM: So in future Tories who sneer at or mock abusively Muslims will be kicked out of the party?

PH: Well, we will take a tough line with anybody who abuses anyone on the basis of their race or their religion. That is not acceptable in our society and it’s certainly not acceptable in our party.
AM: Let’s turn to the events of the last week. To a lot of people they seem completely bonkers. George Freeman, who is a Conservative Minister said, ‘this week we’ve seen chaotic scenes in the House,’ hard to disagree with that, ‘collective responsibility breaking down. This can’t go on. A technocratic legal logjam, in which Cabinet responsibility is broken and the government cannot get its business through is not government.’ Do we have a government?

PH: Yes we do. We have a very challenging situation in front of us, as you’ve just said to Kelsey, one that divides families and divides parties on views. But I think we are getting close to resolving this now, and we have to do that so that we can move on as a nation. And I set out on Wednesday the fundamental strength of our economy, the strength of our public finances and the opportunities that there are out there for Britain once we can put the Brexit question behind us.

AM: On the absolutely crucial question of no deal, there was a three-line government whip and four of your Cabinet colleagues abstained. Can you ever remember anything like that happening before?

PH: Well, this is an issue for the prime minister and the Chief Whip and the business managers. It was a complicated set of votes on Wednesday, where we were all expecting a free vote on the main government motion and then the government motion was amended so that we didn’t get to the place we expected to be. But I think a line has been drawn under that now. The prime minister had a very clear discussion with the Cabinet on Thursday, most of which has been reported in the media.

AM: She was very cross indeed, clearly.

PH: She was very firm that we have to get a grip on our discipline as a Cabinet in order to ensure that we can get the country through what is a very difficult process.
AM: Because some of the abstainers got the impression that you were going to abstain as well but changed your mind at the last moment. Is that true?

PH: Well, I voted with the government. I’ve always voted with the government. I’ve been in –

AM: Is it true that you intended to abstain and then changed your mind?

PH: No. I didn’t change my mind. I’ve been in parliament for 22 years now, and I have always voted with my party line, with my party whip. I believe that loyalty and discipline is an important part of what we are as Conservatives.

AM: And you didn’t tell other people you were going to abstain?

PH: No, I don’t think so.

AM: Don’t think so?

PH: I don’t think I said that to anybody, no.

AM: Anyway, let’s move on. Can I ask you when are we going to leave the EU?

PH: Well, if the prime minister’s deal is able to muster a majority this week and get through, then we will need a short extension. It’s now physically impossible to leave on the 29th March. But we’d be able to leave very soon. I can’t tell you whether it’ll be April, May or June, but it would be very soon. But if we’re unable to do that, if we cannot bring together a majority to support what in my view is a very good deal for Britain, then we will have to look at a longer extension, and we’re in uncharted territory. I can’t tell you how long it will be before we can find a way forward that commands a majority in parliament and allows us to deliver the Brexit that we promised to deliver.

AM: Donald Tusk has talked about an extension for a year or more. Would that be acceptable to the government?
PH: I think it’s very important to be clear that any extension would be for a maximum period, and if the withdrawal agreement were ratified at an earlier point then we would leave at that point. So it’s possible that the European Union will respond to us by saying, ‘look, you haven’t got a deal agreed in parliament, it’s clear that some of the processes that are being talked about as a way of resolving this impasse would take longer than three months, and therefore the only extension we’re prepared to give you is an extension longer than three months,’ an extension that would require us in the UK to conduct European parliamentary elections.

AM: And you can see the Conservative Party and the government being prepared to hold those European parliamentary elections even though we’re not going to be in the parliament for very long?

PH: Well, we’re absolutely clear, this is not what we want to do. I don’t think there’s a single person in the House of Commons, and certainly not a single government in the European Union that wants to see the UK conducting European parliamentary elections. But we may have to do that if we cannot get this deal through this week.

AM: Your department is producing a commemorative coin about leaving the EU, and it’s got 29th March 2019 written on it. What are you going to do about that?

PH: Well, it’s not my department, it’s the Royal Mint.

AM: The Royal Mint.

PH: I happen to be the Master of the Mint as well as the Chancellor of the Exchequer. I’m not sure of the answer to that question. I’m not sure whether those coins –

AM: We can see this coin here, but it says 29th March. So what happens?

PH: Yeah, that’s an image. I’m not sure whether the coins have been struck. I don’t know.
AM: Presumably they’ll have to be melted down and you’ll have to start all over again.
PH: Well, or they’ll become collectors’ pieces, Andrew. They were never going to be circulating coins they were always collectors’ coins, of which the Royal Mint issues quite number.

AM: So what date would you like to see on that coin?
PH: I’d like to see us get this deal through parliament this week, then have a short extension to pass the necessary legislation, and leave the EU quickly. I think that we need to start the healing process in the UK, and the sooner we leave, with a good deal done, the sooner we will be able to start to bring together people from both sides of this argument and get on with building what we clearly have the potential for – a brighter future for Britain.

AM: This week you’ve been sitting with the DUP. If the deal is going to get through you clearly need to DUP to vote for it. What have they been asking for and what have you offered?
PH: Well, the DUP, as I think you will have heard Nigel Dodds saying on Friday, is primarily concerned about the threat of divergence between the regime in Northern Ireland and the regime in Great Britain. The DUP are passionate unionists. I’m a passionate unionist myself. And I regard it as crucially important that we do not allow differences to grow up between Northern Ireland and Great Britain. And we’re looking for ways in which the government can reassure Northern Irish politicians about our clear intention to make sure that there are no such differences as we go forward, if the backstop ever had to come into force.

AM: It’s slightly odd that as the Chancellor you’re involved in these conversations. Can you rule out that you haven’t offered them more money in return for voting for the deal?
PH: I don’t see why it’s odd at all.
AM: You’re Mr Money.
PH: I am a senior member of the Cabinet, and my predecessor, I think, would always have been involved in any significant discussions going on across government. So –

AM: I’ll ask the question again, have you offered them any money in return for voting for the deal?

PH: This isn’t about money. It’s about a political assurance – well, look, we are coming up to a spending review and we will have to look at all budgets, including devolved block-grant budgets, in that spending review, of course we will.

AM: So it’s not impossible that you’re going to give them extra money in that deal in return for voting for the Tories?

PH: Well, we haven’t even started to look at it yet. We haven’t started the spending review yet, but there will be a spending review. We’ve got an additional complexity in Northern Ireland, as you know. The House of Commons voted a budget through for Northern Ireland last week, and Northern Ireland’s in very difficult circumstances because the civil service has not been able to take some quite difficult decisions that need taking. We hope that once we’ve got Brexit dealt with we will be able to resume the power sharing executive in Northern Ireland, and then of course we will need to look at the spending review in that –

AM: Almost everybody watching will conclude from that the Chancellor of the Exchequer has offered the DUP extra money in return for votes.

PH: No, no that’s not – that’s not where the discussion has been at all. The discussion has been around – the discussion has been around the – how we are going to reassure them about our clear intention to avoid differences in regulatory approach growing up between Northern Ireland and GB. How we’re going to reassure them that there won’t be a border in the Irish Sea of any kind, even if we do have to go into the backstop. And of course we all very much hope, and I very much expect, that we will never find ourselves in the position of needing to use the backstop.
AM: Well, that takes us back to the vote. Is there definitely going to be another meaningful vote this week, and is that the final chance?

PH: I think, well, the answer to that is no, not definitely. We will only bring the deal back if we are confident that enough of our colleagues, and the DUP, are prepared to support it so that we can get it through parliament. We’re not just going to keep presenting it if we haven’t moved the dial. But what’s happened since last Tuesday is that a significant number of colleagues, including some very prominent ones who’ve gone public, have changed their view on this and decided that the alternatives are so unpalatable to them that they, on reflection, think that the prime minister’s deal is the best way to deliver Brexit.

AM: Are you there yet?

PH: Not yet.

AM: A little bit – some more colleagues to go? And it’s going to depend on how many of the pins …

PH: It’s a work in progress. It’s a work in progress and obviously we’re talking to a lot of colleagues about what the way forward is and clearly if we don’t get this deal through we are almost certainly going to have to fight a European Parliamentary Election. Almost certainly going to have to have a longer extension. Almost certainly not going to be able to gain access to the headroom, the fiscal headroom that I talked about in the Spring Statement.

AM: So you’ve talked very frankly about having to compromise across the House of Commons to get an alternative deal through if this one fails. What would you yourself compromise on? Would you go nearer to a customs union for instance? I’m talking about Philip Hammond here. Philip Hammond MP.

PH: Well I’ve always been sceptical about this customs union idea that the Labour Party has now taken up, because the deal that the Prime Minister has negotiated gives us almost all of the benefits of being in a customs union –
AM: That deal’s gone at this point.
PH: - but without being in a customs union. So that we also have the opportunity to pursue independent trade deals. We’re not going to get –
AM: That’s gone. Nick Boles for instance, who was just sitting in the chair a little while ago has got a slightly different version of a customs union. All I’m asking you, everyone talks about compromise, where are you prepared to compromise to get an agreement if this deal falls?

PH: Well look, it’s not about me, it’s about the House of Commons.
AM: You’re an MP. It’s about you.
PH: Of course. But I’m one six hundred and fiftieth of the House of Commons. We are going to have to find, building on the structure of the deal we’ve got now, with the Withdrawal Agreement being sealed. I don’t think that’s going to be reopened. But looking at how we build the future partnership, looking at the process to get there, because some of the ideas being put forward by people in other parts of the House are about process, rather than about outcome, and all of us, all of us, are going to have to compromise. If we don’t get the Prime Minister’s deal through we will have to build something which commands a majority across the House of Commons.

AM: Which would be a slightly softer Brexit by definition more or less?
PH: I think it’s possible that that’s the way that it would have to go, but it’s possible that it will be a question about process, rather than a question about content.

AM: Your colleague, David Lidington has suggested this might be done by so called – yet more jargon I’m afraid - indicative votes. So the House of Commons voting on one version of Brexit after another. Is that where we’re going?
PH: I think you'll find that David Lidington didn't use those words, I think they were Chuka Umunna’s words, but what David said on Thursday in the House of Commons is that we would have to find a way to allow the House of Commons to come to a majority view on something, so that we can move forward. 'Cause it’s very clear that what the country wants and expects –

AM: He said facilitated progress to allow the House of Commons to find a way through. But that must be a series of votes.

PH: Yeah. And that’s certainly one approach to doing it. But it’s very clear to me that the mood in the country is that the House of Commons not only should, but must resolve this issue and if we don't pass the Prime Minister’s deal this week then we're going to have to do that by having a very frank conversation with ourselves about what we do support. Because the House of Commons has been very good so far at saying what it doesn't support, but it hasn’t set out a positive way forward.

AM: You've mentioned a couple of times the so called fiscal headroom. This is £27 billion of money that you've said you can spend on public services if the deal goes through but if it doesn't go through you won't spend on public services, you'll be spending on emergency measures and so on.

PH: Well, if we were to leave without a deal we would undoubtedly need that fiscal headroom and some more to support to economy through what would be a very difficult period.

AM: This sounds like quite brutal economic blackmail against the Brexiteers.

PH: It’s not economic blackmail, it’s common sense. The Brexiteers, the hardliners themselves say that if we left with no deal - which some of them are prepared to contemplate - we would need to use fiscal and monetary stimulus to support the UK economy. So they're clear about that. We would need to spend that money but we would be spending it in very different ways. And what I've done since 2016 is operated what I've called a
balanced approach where we have enormously increased public spending.

AM: Well you say that. You’ve given us austerity up and down England, schools are closing on Friday afternoons because they can’t afford to stay open. Will your spending allow that to stop?

PH: We’ve put more money into schools in –

AM: Not nearly enough.

PH: 2017 and we’ve protected school spending in real terms per capita. But look I’ve announced, since I became Chancellor in 2016, Andrew, I’ve announced £150 billion of additional public spending and what I’m saying to my colleagues is that the economy is performing solidly, the public finances are performing very well. If we can put this cloud behind us, put the risk of a no deal exit behind us then we can prudently release some of that headroom and make a bit more funding available as we go into the spending review to support our public services.

AM: Is it acceptable to you that so many schools are having to close early on a Friday because they can’t afford to stay open, or indeed because you’ve had examples of head teachers having to clean toilets and serve in the canteen because there is nobody else to do it?

PH: I don’t want to see any schools closing early. We’ve put 1.3 billion pounds of additional funding into schools in 2017. We have now introduced a Fair Funding Formula which is ensuring that money is spread more fairly between schools. There is a very big difference between the funding that different schools in different areas get at the moment. That’s not fair and that’s giving rise I think to a lot of the disquiet, a lot of the unhappiness that’s being heard is because of the skewed distribution. We have to resolve that and we are doing so through the Fair Funding Formula, but it will take time.

AM: One of your colleagues, Andrew Bridgen is reported this morning as saying that he’s been approached by the Whip saying
that if it’s the price of getting him to vote for the deal the Prime Minister herself will announce her resignation. Have you heard anything like that?

PH: No.

AM: Another of your colleagues, Nicky Morgan, Tory MP says, ‘they,’ and meaning people like you, ‘are going to have to take a role in saying potentially to the Prime Minister actually things have changed significantly. We think you should think about your position, Prime Minister.’ Can you ever envisage yourself doing that?

PH: Well look, the Prime Minister is absolutely focused on getting her deal through parliament. She’s passionate about that because she passionately believes that this deal is the best exit for Britain from the European Union. But if we don’t get it through I’m sure she’ll be equally committed to then ensuring a process that allows parliament to find an alternative way forward.

AM: And you know her very well. Do you think there’s any circumstances in this process where she says, d’you know what, I’ve realised I’m part of the problem, I’m going to step down? Or is she not that kind of person?

PH: Well, she absolutely is a kind of person who will always do what she thinks is in the best interests of the country. She’s a person with a very strong moral streak to everything she does and she will always do, I’m sure, what she feels is in Britain’s best interest.

AM: But the question of who is or isn’t Prime Minister is secondary at the moment to the question of whether this deal gets through. So that in those circumstances if you thought it would help to get the deal through, to get it over the line if she announced that she was going to go at a certain time, would you not have that conversation?
PH: Well, the Prime Minister has already said to the Conservative Party that she will not lead the party into the next General Election in 2022. So she’s already made that clear.

AM: Now you may have heard in the paper review some people are saying that your own position is now hanging by a thread. That she’s very, very cross with the so called soft Brexiteers on that wing of the party and that if she gets this through there is going to be a clear out of Cabinet, there is going to be a big change and that I’m afraid that your neck is first on the block.

PH: Well, Andrew, I’ve heard that quite a number of times over the last two years and nine months that I’ve been doing this job, and indeed the years that I’ve spent doing pervious jobs. That’s in the nature of being at the top of the slippery pole of politics, that people are constantly predicting that you’re about to fall off it. But look; my focus, Andrew, is getting a Brexit done that’s good for Britain.

AM: And almost in one word, is the next vote the final chance for her deal? Yes or no?
PH: It’s absolutely vital that we get it through next week because otherwise – it’s the final chance to do this deal without having to have a long extension of the Article 50 period. I’m clear about that.

Ends