ANDREW MARR

Well watching that, probably agreeing with quite a lot of it I suspect is Lord Mandelson, the former Labour Cabinet Minister, former European Trade Commissioner as well. Welcome.

Do you agree that this is an absolutely crunch moment, this Greek vote?

LORD MANDELSON

Yes I think that, look, whatever happens in the elections today, and whoever wins, and whatever coalition government emerges Greece faces a very long, and very painful road back, but that road will be much, much harder if Greece chooses the course of defaulting, further bankruptcy, bankrupting itself and dropping out of the Eurozone altogether - the social and human costs of that will be colossal, the deepening recession, mounting unemployment, probably spiralling inflation and therefore it’s very important indeed that the new coalition government in Greece finds a way of staying within the Eurozone and arriving at mutually acceptable terms of agreement with its European partners.

ANDREW MARR

It suggests that politicians, not just in Greece but all around the Eurozone and beyond have rather less power perhaps, than we have thought... that they’ve got the power to agree the measures that the markets feel are essential but there’s no alternative... I mean people can’t vote, in a sense, for Syriza as an alternative or whatever the alternative is because the consequences are so awful.

LORD MANDELSON

Well they can do...

ANDREW MARR

They can do but it’s...

LORD MANDELSON

Because of the strains that the adjustment programme is having within Greek society, but also equally importantly because the Greek people are absolutely fed to the back teeth with the political elite in Greece, the political and business elite who through decades of mismanagement have brought Greece to this path so in a sense, you know, you can hardly blame them for looking for radical alternatives. All I would say is that the proposals of the radical Left Party are not really radical solutions for Greece, they would lead Greece down a terrible path which would make what we’ve seen recently in Greece look very tame indeed.

ANDREW MARR

What about the argument that you hear from Berlin that there is a case, you could possibly push Greece out, or have Greece out and then redraw the boundary, and that the problem wouldn’t then spread necessarily to Portugal, and Ireland, and Italy and Spain... that it is containable if Greece goes.
Well to those who are arguing that in Berlin, and the German government are not, I would say be careful what you wish for. Not only do you have the tremendous risk of contagion, of market panic spreading across the more vulnerable members of the Eurozone, and the sort of growing sense within the markets that the Euro has ceased to be a permanent currency, and that would have huge implications for us all including in Britain, so I think that the German position as we see it is right – to support Greece and to continue sustaining Greece financially so that it can implement its adjustment programme, not unconditionally incidentally, but none the less to stand behind Greece so that it can make the very painful changes to its public finances which it needs to do but more importantly, George was saying, undertake the structural reforms and economic changes that Greece and I have to say, other countries in the periphery in Southern Europe need to do and they are doing it... I mean Ireland is doing it, I was in Portugal this week, they’re doing it, the Italians are following Mario Monti’s leadership, Spain is coming to terms with what it needs to do so we’ve got to continue along this path and that’s what Germany believes.

You’ve argued that the inevitable outcome of this, or the near inevitable outcome, is a stronger core Europe, or one kind or another, however many countries are involved and exactly how it happens...

I believe it could be, I believe it could be

That however gives a problem for all the democracies involved... which have also talked about it, saying this is a problem... what does it mean for the individual democracies because after all Europe isn’t one country and yet if all the decisions, all the big decisions are being taken centrally, where does it leave the individual Parliaments, the individual democratic systems. You’ve raised the question but you haven’t given us an answer.

Well it keeps the members of the European Union, the Eurozone at its core broadly speaking in the same place as a union of democracy. Nobody is seeking to turn Europe into a sort of, single totalitarian state, which is ruled from the centre in Brussels, that’s never going to happen but there are changes that need to take place for a Eurozone mark 2 to emerge and if it’s to be sustainable and successful over the long term I happen to believe...

That could mean taxation, decisions about taxation levels, business taxation, fiscal policy obviously all being at the centre, if all that is removed from the National Parliament you begin to wonder if the National Parliament then becomes a glorified county council. Many people would say that.
I’m not sure it’s going to result in that degree of federalism, I don’t accept that, but I think that what the Eurozone has to focus on now and the heads of Government need to do this at the end of June, and again during the course of the rest of the year... what sort of banking union, do they need to create – that’s important, what sort of fiscal integration where we share responsibility for each other’s sovereign debt within the Eurozone, what sort of programme of structural and economic change needs to be driven forward by the European Commission and indeed what new governance the Eurozone needs, within in my view, a greater role for the ECB at the centre of that. Now what we’ve got to see at the end of June is a working plan... from that

ANDREW MARR

France won’t tolerate anything...

LORD MANDELSON

Well we need to put in place a bridge to the future of the Eurozone, otherwise who on earth is going to rebuild their confidence in something which can’t itself see how it’s going to be operating in ten or more year’s time?

ANDREW MARR

What about this country, because it gives Britain particularly difficult choices. Outside the Eurozone, that’s been a comfortable place to be in many respects recently. But if there is a stronger, tighter core and we’re outside it, does that bring forward that ultimate sort of existential choice about Britain in Europe, and does that mean sooner or later there has to be a referendum again?

LORD MANDELSON

Possibly over the next five to ten years I wouldn’t rule out ...

ANDREW MARR

But not sooner?

LORD MANDELSON

No I wouldn’t. Look the last thing we need is some sort of ‘in or out’ referendum pledged by a Conservative Prime Minister under pressure from the anti-European fanatics on his backbench, and as a tactical ploy for them to play against UKIP. That would have nothing whatsoever to do with the national interest. It would all be to do with coping with the pressures inside the Conservative Party.

ANDREW MARR

Because there are plenty people in the Labour party as well now who seem ...

LORD MANDELSON

I was going to go on to say that if and when – if and when - the Eurozone remakes itself and you see a sort of gravitational pull of decision-making within the European Union coming towards the core,
then I think that a question will arise once more as to what’s the best relationship Britain wants to have with the European Union.

And it may well be – but I’m talking quite a way into the future here - that the British public want to decide that for themselves, not least because I suspect the political parties in Britain may not be able to resolve their differences over it themselves.

ANDREW MARR

Speaking of political parties, what do you make of what’s going on in the Labour Party at the moment? We’ve had people like John Cruddas talking about essentially moving to what’s called ‘blue Labour’, a little bit more to the left perhaps. And we’re hearing a lot about a drive from the trade unions, in particular one of the trade unions, to purge Progress which - people may not understand - Progress is a sort of Blairite think tank funded by Lord Sainsbury. Are you concerned at what’s going on?

LORD MANDELSION

Well I, certainly on the last point I am concerned. We don’t want to have a political party of intolerance, of renewed divisiveness, of falling out and rancour of the sort we saw in the 1980s. I think that all of us want to put that behind us. Nor do I think is it right to view Progress as an organisation as some sort of Blairite faction. It’s not looking to the past, it doesn’t want to recreate the New Labour model of the past. It’s forward looking, it’s progressive, it’s modernising and it wants to commit to the best possible platform on which we can fight and win the next election. Perhaps that’s why the trade unions don’t like it. But Ed Miliband the leader of the Labour party has said, he praised Progress, only recently when he spoke at their annual conference. And I’m sure that Ed will stick to that position.

ANDREW MARR

Are you concerned that Unison, that particular union I was talking about, has too much influence at the moment?

LORD MANDELSION

I don’t know whether it’s the GMB or Unison or Unite which is most in the lead at this point. Look what’s more important than their own internal democracy and their form of relationship with the Labour party is how they remake themselves as trade unions for the 21st century ...

ANDREW MARR

Sure. That wasn’t quite what I asked if I may say so.

LORD MANDELSION

I know it’s not, but I think it’s the bigger question Andrew. Because I think a lot of the problems that the Labour party has with the trade unions ...
It sounds to me that your answer is ‘yes, but I’d rather not say so’ on The Andrew Marr Show.

LORD MANDELSON

My answer is as ever direct and frank. It is that the trade unions need to rethink and remake themselves for a new century. They have to create a different relationship with their own members and I think that if they become in a sense more representative of their membership as a whole they would not be leading either themselves or the Labour party down what I regard as a pretty blind alley.

ANDREW MARR

The Leveson Inquiry: you gave evidence there. I think a lot of people would look at the evidence and say well Gordon Brown, Tony Blair particularly, and David Cameron all got too close to the Murdoch machine at different times

LORD MANDELSON

I’ve acknowledged that

ANDREW MARR

Yeah. So what is the big lesson for the future? Do you see this as the moment when there is some sort of new regulatory structure imposed on the press? That would cause a great deal of anger among newspaper editors.

LORD MANDELSON

Yes, well we don’t have a regulatory structure now. We have a system of so-called self-regulation which is no regulation at all, we all know that. So we have to move to something else. Look, how I would see Leveson is in this way. Certainly David Cameron, looking back over the last week, I think will be regretting the extent to which he lowered his guard towards the blandishments of the Murdoch machine. But equally I don’t think anyone in the political class in Britain has anything particularly to be proud of in how they’ve acted towards Murdoch and other newspaper proprietors and powers in the land. What’s important now is that rather than try to seek party political advantage, that the political parties unite behind whatever Leveson proposes. I think it’s very important that we don’t once again bow to the pressures or the blandishments of the press. Follow through what he’s going to propose and recommend, unite behind it and see it through Parliament. That’s very important. Of course it must also be a system that the press themselves can have some confidence in. So that’s what I would like to see coming out of Leveson. But we now have a political responsibility to make sure that we back him.

ANDREW MARR

I was talking to a very senior politician in government the other day and he said the terrible truth that we can’t admit - and it reflects Leveson and also the euro situation - the terrible truth is that British politicians, Cabinet ministers have much less power than people assume that they’ve got these days, and have to pretend that we’ve got more power than we really have. Is that true?
LORD MANDELSON

It’s true to this extent: that we are not masters of economic events in our own country. We live within a global economy which has created, I must say, major forces and some imbalances and distortions that we have seen emanating from the sort of sea of credit that drove global growth for so many years. Now the only way in which we’re going to be able to tackle those imbalances and those distortions is by acting internationally and not imagining that our economic salvation can somehow be created by our own country alone. That is naïve.

ANDREW MARR

Peter Mandelson, for now thank you very much indeed.

INTERVIEW ENDS