ANDREW MARR:
Now the sparkiest Commons debate of the week was over George Osborne’s fiscal charter which essentially tries to tie the hands of British politicians to a programme of debt reduction and then to running a surplus in the good years. Labour’s new leadership said they’d vote with the Tories and then, after criticism from the SNP, they changed their minds – something the shadow chancellor John McDonnell admitted in the Commons was “embarrassing”. So where does that leave the opposition? Seema Malhotra, in effect Mr McDonnell’s deputy, is with me now. Welcome to you, Seema.

SEEMA MALHOTRA:
Good morning.

ANDREW MARR:
Can you explain what your position now is over the fiscal charter?

SEEMA MALHOTRA:
Well we were very clear and our position hasn’t changed. We voted for the fiscal charter in January …
ANDREW MARR:
(over) Sorry it has changed. It has changed because you said you were going to vote with the Conservatives and then you changed your minds again.

SEEMA MALHOTRA:
In January, we voted with the fiscal charter that George Osborne brought to the Commons then and in fact he has now brought four fiscal charters. We disagreed with the latest fiscal charter and we did so because actually it’s not the right choice for the economy. You can have good politics, as George Osborne tries to achieve, but actually if it’s not good economics you have to challenge that. We don’t believe that it’s right to have a target where you are basically saying you’re going to put a cap on investment for the country. There are many economists independently of the Labour Party who have said this isn’t the right choice, it can constrain governments, it’s far too inflexible in difficult times and it’s the wrong choice for Britain.

ANDREW MARR:
Do you accept it was an embarrassing u-turn?

SEEMA MALHOTRA:
I’ve said this and John said this himself. It was embarrassing and it was a difficult time because the new leadership have been in place for just a few weeks, there was in a sense not enough time to have this discussion within the Parliamentary Labour Party. And over the course of time it wasn’t just the SNP, as is trying to be portrayed. This was a discussion where John was actually talking to colleagues, talking to economists about their view. Rather than saying, as he had said before, that he's going to dismiss it as a political stunt – as in fact we have challenged George Osborne before when he’s come to the Commons – he actually said let’s actually now take the economics of this forward and let’s say it’s wrong for the economy and we’re going to stand up for hardworking families who will suffer.

ANDREW MARR:
Let’s look at the economics. I mean in essence this is pretty simple, straightforward stuff. During … When we have a big deficit, we pay the deficit off, which the Labour
Party agrees with. But then he’s saying and in the good years we build up a surplus and that seems to be the Labour Party’s problem. It seems to me that you don’t believe in building up a surplus during the good years.

SEEMA MALHOTRA:
No actually that is a misrepresentation of our position. What we have said and we supported in January …

ANDREW MARR:
(over) So you would want to build up a surplus?

SEEMA MALHOTRA:
… we supported in January that we would want to see a balancing of the current deficit. But what we have said as well is that you can have a situation where you need to invest for the future - invest in infrastructure, invest in homes as John Healey has laid out. Because what you do in that way is you invest for growth. You’re talking about the future growth, you’re talking about jobs for the future for hardworking families, but you’re also talking about ways in which you might invest to save. We have …

ANDREW MARR:
(over) Would … Sorry. Would a future Labour government under Jeremy Corbyn and John McDonnell build up a surplus if the economy was going well?

SEEMA MALHOTRA:
Well as time goes on of course he would want to see that becoming a reality, but what we also say is that what we would want is that we’re investing for the future. This has been the big dividing line and I think this is going to continue as we challenge George …

ANDREW MARR:
(over) I mean …

SEEMA MALHOTRA:
… Osborne on his record. If I can just finish this. That you can’t just have a situation where you are ideologically cutting back the state, as George Osborne is. Sometimes you have to make decisions for a strategic state working with business, working with industry to invest for the future.

ANDREW MARR:
But if you look at what the opinion polls are saying and your own people studying what went wrong in the election actually out there the public was in favour of austerity and didn’t vote Labour because they thought you weren’t in favour of austerity. You have now branded yourself as the anti-austerity party and George Osborne’s so-called trap is simply to say that in good times and in bad times, day and night, the Labour Party is always in favour of spending more money. There’s an endless list of things you’d like to spend more money for and many of them are very good causes, but you will always spend more money than the Conservatives. And that is basically true, isn’t it?

SEEMA MALHOTRA:
Well that’s exactly what George Osborne will want you to believe and the way that he has represented what ….

ANDREW MARR:
(over) Well here’s your chance to deny it.

SEEMA MALHOTRA:
… in what Labour did and how we achieved and how we balanced so much in terms of the economy, keeping national debt as a percentage of GDP at a fairly stable level through most of our years in government. There was an economic crisis, it’s true. It was fundamentally caused by banks and lending. But actually what we are saying is that you can have a different alternative: prosperity, not just austerity. And there is a turning point I believe this weekend. Just look at what you’re seeing. Junior doctors out threatening to strike; you’re looking at hardworking families now incredibly worried about how they’re going to deal with a drop in income of an average of £1300 next year. This …
ANDREW MARR:
(over) So can I be absolutely clear then? You are now an anti-austerity party. Does that mean that you vote against every single cut everywhere across government budgets from now on?

SEEMA MALHOTRA:
Well no of course it doesn’t and you know that, Andrew. You know …

ANDREW MARR:
(over) So which … well which cuts are you in favour of?

SEEMA MALHOTRA:
… look you know that, Andrew. What we’re saying is of course we’re going to lay out how we would want to balance the books and we’ve said that we would want to balance the current deficit and we would want to do that effectively by the end of this parliament. But what I am saying is this. You have a choice about whether you invest for the future …

ANDREW MARR:
Okay.

SEEMA MALHOTRA:
… or you cut ideologically …

ANDREW MARR:
(over) Let … let me ask …

SEEMA MALHOTRA:
... and lead to failure.

ANDREW MARR:
(over) Let me ask …

SEEMA MALHOTRA:
(over) And that’s a choice I don’t believe this country wants.

ANDREW MARR:
Let me ask about a specific very, very high profile cut at the moment, which is the tax benefits row. Would you restore all the tax benefits being cut by George Osborne? Yes or no?

SEEMA MALHOTRA:
You’re talking about the tax credits, the tax credits?

ANDREW MARR:
Yes.

SEEMA MALHOTRA:
We have asked him to reverse that. We have said that this cut should not go forward and I’ll tell you why. Because this is a cut to hardworking families who are doing absolutely the right thing. It’s a work penalty. But it’s worse than this.

ANDREW MARR:
(over) So that £4 billion cut you would restore?

SEEMA MALHOTRA:
We are saying we must not see that go forward from next April and I’ll tell you why. There are no transition plans that he is bringing in at the moment. This is going to hit families. And not just that. You’re going to see this become a false economy by people having then … probably not being able to pay their rent. We have had stories of people who were concerned about losing their homes.

ANDREW MARR:
(over) So to be absolutely clear …

SEEMA MALHOTRA:
(over) To be absolutely clear.
ANDREW MARR:
… Labour would restore the whole lot?

SEEMA MALHOTRA:
We don’t believe these cuts should go forward …

ANDREW MARR:
(over) Yes or no, I’m sorry?

SEEMA MALHOTRA:
… from next April. We do not believe these cuts should go forward. That’s why we’re having this vote on Tuesday.

ANDREW MARR:
(over) And if they do go forward, you would restore them?

SEEMA MALHOTRA:
Well that’s why we’re having this vote on Tuesday – because we don’t want them to …

ANDREW MARR:
(over) Can you give me a yes on that?

SEEMA MALHOTRA:
Yes we’re saying we don’t want them to go forward now. We’re saying absolutely on Tuesday. And this is the …

ANDREW MARR:
(over) This is the new straight talking politics. I just want you to be absolutely clear.

SEEMA MALHOTRA:
(over) Well absolutely, I’m being very, very straight about this.

ANDREW MARR:
(over) You would restore the whole lot?

SEEMA MALHOTRA:
(over) We are having a debate that we have called saying these cuts which are worth over £4 billion should not be going forward because the cost to the country will be greater. When you are talking about families who are on the minimum wage, who David Cameron has said would be £2,400 better off when actually the Institute for Fiscal Studies …

ANDREW MARR:
(over) Is this a vote in the House of Commons you can win, do you think?

SEEMA MALHOTRA:
Can I just say the Institute for Fiscal Studies is actually saying that those hardworking families would be far worse off.

ANDREW MARR:
(over) Which they clearly would be.

SEEMA MALHOTRA:
(over) He’s not telling the truth. And what we know today as well from our analysis is that over 70 Tory MPs have seats where their majorities …

ANDREW MARR:
(over) Which is why …

SEEMA MALHOTRA:
(over) … are less than the number of hardworking families who are likely to be affected by this.

ANDREW MARR:
Which is why I’m trying to ask you the question, Seema, would the … Is this a vote the Labour Party on the floor of the House of Commons now thinks it can win?
SEEMA MALHOTRA:
I believe we can. I very much hope that we can. But that will rely on Conservative MPs coming and working with us on Tuesday. And I hope that they will because they, I’m sure, will have representations from thousands of families in their constituencies. We’re talking of around over 6 million … almost 6 million children that could be affected by these cuts as well at a time we’re seeing child poverty rise and the government stopping even measuring child poverty. So I hope that the Conservatives will imagine …

ANDREW MARR:
(over) So is this as damaging for the Tories as the 10p mistake was for Gordon Brown’s Labour government, for instance?

SEEMA MALHOTRA:
I think it is actually more like the poll tax. It’s more like Margaret Thatcher’s poll tax. And the reason why: I think it’s a turning point in people’s trust in George Osborne and it’s a time when hardworking families and constituencies across the country will be saying to their MPs where were you when I was about to lose £1300 on average?

ANDREW MARR
Right.

SEEMA MALHOTRA:
And local authorities will be saying … For example if you take Hounslow in my local authority, we could see a cut of around £17 million in our area affecting businesses as well.

ANDREW MARR:
Okay, Seema, thank you very much indeed for joining us. I’m going to make a plea to you and to all Conservative politicians as well: can we please stop saying hardworking families quite so often? But very, very interesting to talk to you. Thank you very much indeed.
SEEMA MALHOTRA:
Thank you, Andrew.

INTERVIEW ENDS