

ANDREW MARR SHOW

19<sup>TH</sup> NOVEMBER 2017

JOHN McDONNELL

AM: Something weird is going on in politics at the moment. The government are not having, it might be said, a happy time in all sorts of ways. And yet you're not way ahead in the polls, you're kind of level pegging. That must be a worry. Why do you think it's happening?

JM: I think it's the usual thing, with an incumbent government they're usually ahead unless there's a huge economic crisis. That's what happened, like ERM for example, and the banking crisis. But if you look on economic credibility we're still behind, I think it's by about six to eight points.

AM: Quite a long way behind.

JM: Well, 12 months ago we were 28 points behind, so we're narrowing the gap all the time. And I think what we're trying to do now is have a serious debate in advance of the budget so we can demonstrate again that we've got the vision for the future but also the detail in the plans.

AM: And you want an emergency budget – we're going to give the Chancellor the same opportunities – tell us a little about what you want as an emergency budget and why.

JM: Well, look, if we'd been elected – I published the grey book, which is the costing of our –

AM: Dark blue tie, grey book.

JM: (laugh) Well, I published the grey book, which set out our plans, so that would be the detail of our plans. But what I've said to him is the messages that are coming from the front line of our public services, and also from those who are suffering from universal credit, is really hitting people hard. On NHS, the Simon Stevens, the chief exec, said, you know, if we don't get more investment there'll be five million on the waiting list. In terms of what's happening to education, five thousand head teachers

writing the Prime Minister saying halt the school cuts. The first per pupil cuts since the 1990s. What we've said is there's a range of things they're asking for that we've covered in our manifesto and our grey book that he could fund, not through borrowing – because our fiscal credibility rules said you can only borrow to invest, you mustn't borrow for day to day. So therefore what we said end the tax cuts to the corporations, first of all. That's the first thing. Over the lifetime of this parliament, 76 billion being paid out, and that includes –

AM: That's going to hit corporate profits and therefore that's going to hit employment.

JM: Well, it's interesting, let me explore that, Andrew, because what's happened is the government has been cutting corporation tax, that actually has meant that earned income by these corporations is being stacked up and not invested. So we now know, the figures of the last year –

AM: So you want to force corporations to reinvest more money.

JM: Ideally what we want to say is stop giving the tax cuts to the corporations and the rich and recognise you've got an emergency out there in terms of public services, invest in those public services.

AM: And somehow this message has not yet quite cut through to the public.

JM: Well, I think –

AM: Can I put it to you the reason is that people understand that we are very, very heavily over-borrowed at the moment, and they look at your plans and it's more money here, more money there, more money everywhere.

JM: But that's why I'm saying

AM: And it's just too much.

JM: Yes, but that's why I'm saying we mustn't borrow for day to day expenditure. We can only borrow to invest. It's not just me saying this in terms of investment, you had Sajid Javid on here, a Cabinet Minister, a couple of weeks ago saying – asking for more

housing – what did he say? He said interest rates are so low that now's the time to borrow. For investment. And I agree.

AM: But they're going up aren't they?

JM: Yes.

AM: And I'd like to go through it, if I may, and ask you some questions we've talked about before on this programme, where I feel I haven't really had the answers that I wanted. You have a very ambitious programme for more nationalisation – of the railways, Royal Mail, and the utilities. How much is that going to cost?

JM: Right. What we've said, and this is very clear cut and I've said it before, when you take them over –

AM: I'm looking for a number.

JM: Okay, okay, you don't need a number, because what you do is you swap shares for government bonds and that is covered by the cost of those profitable industries we take over.

AM: But government bonds is still government spending.

JM: Yes it is.

AM: It's still borrowing.

JM: And it will be parliament who sets the price on any of those nationalisations. But what I'm saying is the cost is always covered because these are profitable industries and that will cover the cost of any borrowing.

AM: That may be the implication in due course, but right at the beginning the cost isn't covered. I'm saying again, how much will tax payers actually have to spend to renationalise those things? A simple question.

JM: There will not be a burden on tax payers. The price will be set by parliament, government bonds will be issued, and any cost of government bonds will be covered by the income from those profitable industries. In fact, what we think - and it's not just us saying this –

AM: It sounds a bit like a magic card trick, this.

JM: Well, it isn't because it's been done elsewhere and it's being done across Europe as well now. You know, in Paris water has been brought back into public ownership. Why? Because people feel they're being ripped off by profiteers.

AM: Okay, so no more on that. What about bringing PFI back in house? You made that famous speech to conference saying you were going to bring them all back in again. What is the cost for that?

JM: Alright, okay. We know there's -

AM: No cost at all?

JM: No. Let me just explain. We know that there's £200 billion committed in PFI from here on in. We think the cost of those are too heavy. We're going to review the PFI schemes and go through them, and then we will do deals on bringing them back. And we think -

AM: But this is - I'm sorry - this is a very big promise that you personally have made, and you must have some sense of the up-front cost.

JM: Well, again -

AM: Up-front cost.

JM: Well, again when you bring them back you will make a saving because you're not paying out the extensive amounts of money in profits for those private companies.

AM: But you still have to buy out those PFI contracts, that will cost money.

JM: And over the life of those contracts the savings will pay for it. But what we'll do, and this is what I said at conference, we'll go through every individual scheme, there'll be consultation, and do you know, I think not only will we get a better deal financially we'll get a better detail in terms of service as well.

AM: Okay, eventually you think it'll work. But again, as with the nationalisation, you can't give me a number. Can I give you – one last number I'm going to try and get to. All of this, all your planning is based upon you spend, you invest a lot of money at the beginning and as a result the economy grows faster. And because the economy is growing faster you get more taxes in and everything balances. By how much does the economy need to grow for your plans to work?

JM: Okay, let me just go through this so that people understand what we're saying, because a lot of figures have been bandied around.

AM: I'm looking for one –

JM: Okay, I'll give you a figure. What we're saying is we invest £250 billion over a ten-year programme, so about 25 billion a year. This is nothing untowards, what past governments have done. In fact, if we don't do this we're not keeping up with our competitors across Europe, US and elsewhere. That will bring in a return as you invest that money. And you know as well as I do –

AM: This is eye-watering sums. This is £250 billion pounds.

JM: Over a ten-year period. This is what governments have done in the past and governments are doing across Europe. If we don't do that we will not be able to keep up with our international competitors. And what that happens – you know as well as I do, when you invest those sums – look at what the recent reports by PWC – you get a return on that investment that covers any costs of borrowing.

AM: If it's well invested and it goes into the right areas.

JM: Of course. That's why I said at the Labour Party conference we're setting up a Strategic Investment Board which brings together, yes, myself, Secretary of State for Business, the Governor of the Bank of England, business representatives that will direct that investment. And in that way we'll get the best deal. But more importantly, we'll be able to compete in a global market.

AM: You have been a bit of an Eeyore about the economy – I still, by the way, have not got a number on the growth figure. Can we get to that at the end? By how much does the economy – for this to work, for this big plan to work, by how much does the economy need to grow?

JM: It's not the economy growing, it's the individual investments. What return will we get on those. And on those returns you always get, if you wisely invest, and that's what we'll do, you always get more than you have to pay out.

AM: Just one little number, just one tiny little number.

JM: You're asking the wrong question in terms of overall growth, because it's about individual investments. 250 billion, as I said, we're putting in through our investments through mainstream programmes. We're also setting up – and it's interesting, this has been supported by a whole range of commentators – a National Investment Bank which will bring in 250 from the private sector. And I'm talking to asset managers at the moment and what they're saying to me – obviously these are confidential discussions – but what they're saying to me is that they're welcoming our stable investment programmes, both in terms of what we're suggesting for public as well as private.

AM: So out there people are listening to you there, saying, 'there is John McDonnell with a Tory dark blue tie on, a white shirt, he's got his grey book there, and he spends his time hanging around with asset managers.' And yet they're still not completely convinced, and it's maybe because you have been so gloomy and Eeyore-ish about the economy for so long. You've said three times in the last six years we were heading for a recession, and in one case for a full depression and it never has happened.

JM: I don't think I said – I didn't say a depression, I said this could lead to if we're not careful about what's happening, and that's what happens when you push austerity. But shall I just say this to you – for many people out there, for many people out there, this

is a depression. We've had people whose wages have been cut by ten per cent. Nurses, for example. We've had people who are now – one and a quarter million food parcels handed out in the sixth richest country in the world. That's what I call a recession for large numbers of people. And at the same time this government is giving tax cuts to the super-rich and corporations. That's the difference that we have, the grotesque inequality in our society.

AM: There are lots of dark, cold shadows across the economy, it's absolutely right. But overall the happiness index has gone to the highest level since 2011. That's surely bizarre news from your point of view. People are happier.

JM: Well, go and say that – ask Philip Hammond this, when did he last visit a food bank?

AM: That's a completely different question.

JM: No, it isn't a different question. I'm talking to you about the levels of insecurity in our society. For the first time, for the first time – I'll quote you opinion polls, for the first time now we have people saying, of all generations, that for the next generation it'll be worse off for them. When I was young we always thought there'd be a steady increase in the quality of life. That no longer applies because young people these days can't expect even the same living standards as their parents.

AM: Statutory requirement, I must ask you at least one question about Brexit. And we've had a lot of difficult, tough talks over the last week. One of the big issues, the Irish Taoiseach has raised before is what happens to the border in Northern Ireland. Now it seems that there are two obvious choices: either all of Ireland, north and south, can stay inside the customs union and the single market and the border round that. Or there's going to have to be a real tough border of some kind between Northern Ireland and southern Ireland. On which side of that argument do you fall?

JM: Bringing back the hard border, I think would be a nightmare. I think it would not be practical anyway. I think we have to have a

relationship which is as close to the customs union as we possibly can.

AM: So you'd –

JM: I would not want to see anything, anything that undermines the peace process in particular, and all the gains that we've had, and a hard border would undermine that relationship that's been built up between north and south so delicately.

AM: So you would have no principled political objection to Northern Ireland staying in the customs union and the single market.

JM: No, we're saying –

AM: Otherwise it doesn't make sense.

JM: We're not saying *the* customs union, we're saying *a* customs union, and that's the discussion that should be had. But you know –

AM: So you could have a unique arrangement for Northern Ireland in effect?

JM: Well, I think that's part of the discussions that need to take place, but we've got to give assurances to people in Ireland that we will not go backwards on this. We must not jeopardise the peace process in any way.

AM: You have spent your entire political career believing in a united Ireland. Is it possible that a united Ireland comes about, not through Armalites or political parties and all the rest of it but through the EU?

JM: Oh no, the Irish people will decide their future, and it won't be to the EU or us, it'll be the Irish people themselves. We've always said that –

AM: But it'll effectively become an economy.

JM: I think that's a separate issue altogether. The key issue for us now is to make sure that there's an arrangement which doesn't damage the economies north and south, but at the same time

JOHN McDONNELL

doesn't undermine all that goodwill that's been built up as a result of the peace process.

AM: We'll keep a close eye on it. John McDonnell thanks very much indeed for talking to us.

(ends)