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INTERVIEW:

SIR JOHN MAJOR

FORMER PRIME MINISTER

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ANDREW MARR:

Now then, it's 25 years since in the most dramatic circumstances Sir John Major became leader of the Conservative Party and prime minister, and you could say the Tories have never really resolved the issue which ultimately led to his predecessor Margaret Thatcher's fall from power – namely the party's attitude to the European Union. Sir John wrestled with it during his premiership. He also had to deal with war in the Middle East, a recession, global economic uncertainty. It sounds just a tad familiar, Sir John. Thanks for coming in.

SIR JOHN MAJOR:

My pleasure.

ANDREW MARR:

Let's start talking a little bit about the economy and so forth. I remember when I was a very young reporter and you were a very young prime minister, there was a kind of asset bubble thing going on and then interest rates ticked up and we had all sorts of problems with negative equity and so forth. Now interest rates are clearly on the move up again, led by the Fed. We have a very, very problematic asset bubble in terms of house prices in the UK, which is leading to inequality as we were talking about. I'm

just wondering your reflections. Twenty-five odd years on from that, how do you see that problem?

SIR JOHN MAJOR:

I don't think we're going to get rapidly rising interest rates at all. In the 1990s we were on the back of a huge inflationary bubble. I mean people forget on the day I became prime minister, we were heading into a recession. We had interest rates at 14 per cent and we had inflation at nearly 10.

ANDREW MARR:

(over) Fourteen per cent? A totally different world, yes.

SIR JOHN MAJOR:

Fourteen per cent. So to... totally different background. Now the Fed have just ticked up interest rates a little and I think this will be a very slow process. I don't think we're suddenly going to see a huge spiral in interest rates. I know many mortgage owners in particular will be concerned about that. I very much doubt that is going to happen. But I think there are some problems that we can foresee ahead. In a curious way the very low price of oil is likely to be a problem because many of the countries that have invested, often overseas, are going to be much shorter of cash than they were. I think three large economies will probably be in difficulty next year – Russia, Brazil and China will slow a little – but overall I think we'll see the world economy growing a little faster and Europe will be growing a little faster as well.

ANDREW MARR:

You came in as the Brixton boy from a cash poor family in your background and so forth. How worried are you about inequality now?

SIR JOHN MAJOR:

Well I was worried and I am worried. I mean it was a great frustration to me that I had to deal with other things - the European splits in the party and getting the economy right – and I was never able to do for inequality what I would have wished to do and that is a lasting regret. But it exists. And it's not the fault of this government or the immediate past governments; it has grown up over 40 or 50 years. And it is

extraordinary that here we are. We are the fifth biggest economy in the world, we're growing, and yet we have 7 out of the 10 poorest regions in Northern Europe. Now that cannot be right.

ANDREW MARR:

It's wrong, but what can be done about it?

SIR JOHN MAJOR:

Well I think some of it is starting to be done, but there's a great deal more to do be done. The chancellor's concept of a Northern powerhouse is exactly right. We need to spread the wealth in this country more evenly than previously it has been spread and that means necessarily large-scale capital investment outside London – in the West Country, for example, to open that up to investment, in the Midlands and in the North – and that is a long job but it is necessary.

ANDREW MARR:

But you can't talk about redistribution, you can't talk about taxing the people at the top more without howls of outrage from all round the place. It has become completely impossible to discuss.

SIR JOHN MAJOR:

Well I wasn't talking about taxing people more because if you tax people more, you're just going to make us a less competitive economy. What I was saying is that we should spread our investment more wisely and we should have perhaps more incentives to encourage people to invest outside the regions that typically have attracted investment – into the Midlands, into the North - and it is vitally important that we do it.

ANDREW MARR:

(over) So a more interventionist government strategy really?

SIR JOHN MAJOR:

I think we've always had a form of intervention. It depends on how much. I don't welcome intervention into detail, but I do welcome intervention in encouraging

people to invest in our country and particularly in the parts of our country where people are falling behind. It isn't acceptable if you have the degree of inequality that has built up over so long and I'm delighted that we now have a chancellor who's seeking to reverse that.

ANDREW MARR:

Now you must have had a bit of déjà vu over the last few days watching David Cameron with I don't know how many shirts he was carrying with him for those negotiations. It wasn't Maastricht, but it wasn't very far away – it was in Brussels and so on. Do you think this is a negotiation which is in a sense too trivial or, as some people on the Eurosceptic side of the argument are saying, almost meaningless?

SIR JOHN MAJOR:

Well isn't it curious? I mean Eurosceptics say this is meaningless and it's trivial, and in fact it embraces many of the things they've been asking for for a very long time. Consider what the prime minister's trying to negotiate. He's trying to negotiate an end to our commitment to ever closer union. I think he will succeed in that. Is that trivial? If it is, why have the Eurosceptics been asking for it for the last 20 years? He's trying to negotiate more competitiveness, set out very clearly in his letter to Donald Tusk. He's trying to negotiate a whole range of things that matter to us on migrancy, on ... I sense you seeking to intervene. Do so now if you wish. *(laughs)*

ANDREW MARR:

Thank you so much. The big problem is going to be this very specific promise that he was going to end in-work benefits for 4 years for EU migrants coming here to work and that seems to be something that people like well certainly the Poles and many other countries are determined that we will not get. And in a sense has he not created a problem for himself by saying I am going to get this; this is going to be my big sticking point? If he doesn't then get it, it may not be the most important issue but that's what he'll be crucified over.

SIR JOHN MAJOR:

Well it's a sub-set of the general migrancy issue of course. Now whether he will get exactly 4 years, I can't say, but the whole ethos of the European Union is

compromised. The European Union are not going to wish Britain to leave. They're not going to wish Britain to leave because we tend to look here at what our position is. Consider Europe's position were we to leave the European Union? What would Europe lose? Forget what we would lose for the moment. What would the European Union lose? They would lose ...

ANDREW MARR:

(over) The export market for a start.

SIR JOHN MAJOR:

Well that's not quite as true an argument as you may think, but let me deal with the points I was going to raise. Firstly they will lose the best performing economy in Europe. They will lose the economy that in 20 years is likely to be the biggest economy in Europe. They will lose the country with the longest and most historic foreign policy reach. They will lose one of only two countries with a military capability and a nuclear capacity. Now if Europe was formed (as it was) to look America and China and the big countries of the world in the eye as equals, if Britain comes out that ambition has gone. They will be ...

ANDREW MARR:

(over) So they have to give them something substantial?

SIR JOHN MAJOR:

... they will be immensely diminished, and they know that and so they will negotiate. Everybody's setting out positions. It's a classic European situation. On both sides they are setting out positions. And they will meet and a compromise will be reached and the compromise won't just deal with trivial issues. Subsidiarity, for example, isn't a trivial issue. We had that in the Maastricht Treaty. Germany and Britain put it in meaning that things were only done at the European level if they couldn't be done at the national level. And that was agreed at Maastricht and then bypassed by the then commission. Well if it's reinserted again, it will be reinserted in a way that they will not be able to bypass.

ANDREW MARR:

That's essential?

SIR JOHN MAJOR:

It's very important. And that's one of the things that has caused so much frustration with the European Union, and there is frustration right the way through the ...

ANDREW MARR:

(over) So on the other side people say but in the end they're not going to change their spots. Charles Moore – I'm not sure that he's your favourite columnist, but he said something very interesting this week I was just quoting. He said two things are going to happen. One is the prime minister will come back with something he's able to say this is a successful renegotiation, look what I've got. But the second thing he said is that this will not fundamentally change either the direction of the EU or our relationship with the EU. On the fundamentals it remains the same.

SIR JOHN MAJOR:

But the European Union has already changed with the advent of the Eurozone. What we're heading towards is a European Union that has a Eurozone and non-Eurozone members and one of the things the prime minister's seeking to negotiate is to protect us from paying for the policies of the Eurozone members. Now that is significantly different. Ally that to an end to ever closer union and you do begin to see a rather different relationship. Add to that subsidiarity and you have a very different relationship. So the argument that the Eurosceptics have been advancing since before the prime minister set out his aims that it would be trivial is a good negotiating ... a good arguing point for them, but it is essentially bogus when you look at the detail of what is actually being discussed.

ANDREW MARR:

And sticking with a bit of that detail, this business of transitional ... the benefits, in-work benefits for people coming into this country, the big problem for the prime minister is discrimination between one citizen of the EU and another citizen of the EU. Do you think that could be overcome?

SIR JOHN MAJOR:

Well it's an interesting word 'discrimination', isn't it? We're saying there's discrimination if people don't get exactly the same benefits. You could equally argue that it's a discrimination that people who are watching this programme have been paying into our national insurance system for 40 years and someone arriving on day one gets exactly the same benefits. I think that's an equal form of discrimination and I think we're going to have to recognise that and I don't know what the outcome will be, but I think there will be a compromise.

ANDREW MARR:

There will be some kind of compromise?

SIR JOHN MAJOR:

I think so.

ANDREW MARR:

What about the other great issue I suppose at the moment, which is open borders? I mean this has produced probably an existential crisis, an overused word - Private Eye will start an existential crisis column quite soon - but nonetheless a very, very big crisis for Europe - this Europe of open borders, the Schengen Europe, people able to move from one country to another very quickly. Liam Fox has raised the question of terrorists as well being able to use this and this does worry an awful lot of people watching this programme.

SIR JOHN MAJOR:

Indeed it does and of course they're right to worry about that. The question is whether we would be able to stop that in anything we did. Now if we actually look at the question of freedom of movement, there are several things to say about it. Firstly, freedom of movement is said to be sacrosanct because it is one of the four European freedoms. That is a totally phoney argument. Another of the four European freedoms is freedom of movement of goods and services, yet Germany and France and other countries block our banking, block our insurance, block our technology services. So the belief that that is absolutely fundamental is unchanging.

ANDREW MARR:

(over) You're beginning to sound like Liam Fox at this point, Sir John.

SIR JOHN MAJOR:

No well they do, they do, and that's the sort of thing we're going to have to change. The bigger issues are why I'm absolutely convinced we need to stay in for our future, but that means on the question of the sheer flow of people coming here, here is a matter where we should move away from rigid positions and look at the reality. It is not commonsense to sweep into countries more people than we can provide for if they are sick than we can house or we can educate and we need a commonsense position. Let us accept the principle of free movement, but it has to be mitigated to deal with the number of people that can be accepted in any given period and that again is a piece of commonsense negotiation that ought ...

ANDREW MARR:

(over) And yet ...

SIR JOHN MAJOR:

(over) ... to be accepted to our part... acceptable to our partners.

ANDREW MARR:

... if we left, we would get control of our borders back period?

SIR JOHN MAJOR:

Well consider what that means. Half our immigration at the moment doesn't come from the European area. It comes from the old commonwealth and elsewhere.

ANDREW MARR:

(over) But we would have control over that.

SIR JOHN MAJOR:

Just a moment. And we have been ... well we've been letting more people in than most of the people objecting to us being in Europe would like, but without them we wouldn't have a transport system, we probably wouldn't ... we certainly wouldn't have a National Health system. So let's not assume that immigration per se is a bad

thing. It isn't. And neither is it per se a bad thing from Europe. It's the sheer total of it. Now if we had control of our own borders, I wonder what would happen with all the people who had got into Calais, to France. Would the French keep them there or would they say well this is no longer our problem, Britain's outside the European Union; we're no longer going to do, as David Cameron agreed with us that we would, which is hold them at Calais? Do we want that sort of situation to arise? Do we really believe that in a world of ... an open world that we have at the moment that we can suddenly opt out and become a closed nation? I tell you, Andrew, it's a fantasy.

ANDREW MARR:

Is it? Well I mean a lot of people would say, first of all, that the French are allowing many of those migrants to go to Dunkirk and other places and they are coming into the country; but, second, if we had a hard border of our own, we could stop them coming in.

SIR JOHN MAJOR:

Do you really think that is so?

ANDREW MARR:

Well I've no idea, but ...

SIR JOHN MAJOR:

(over) Do you really think that is so and do you really think all the implications of that would necessarily be right in terms of our international reputation, our international trade and all the things that go with it? I don't think that is the case ...

ANDREW MARR:

Alright.

SIR JOHN MAJOR:

... and I think we are better able to deal with this problem collectively rather than siphoning ourselves off, cutting ourselves away from the biggest single market in the world and seeking to negotiate a new arrangement with that single market, which would be less convenient and less good for us.

ANDREW MARR:

Though of course they are selling us much more in goods than we are selling them.

SIR JOHN MAJOR:

You see there's a fallacy in that argument. Many of the things that they sell to us, we wouldn't be able ... they would continue selling them to us because it's covered by wider treaties than simply the European treaties. The converse would be that the things we want to sell to them – services and other things – can be blocked by the Europeans, so it would be very much to our overall disadvantage.

ANDREW MARR:

Okay one final ...

SIR JOHN MAJOR:

(over) Added to which of course there are 27 of them, there are one of us ...

ANDREW MARR:

Okay.

SIR JOHN MAJOR:

... so I think the belief that Europe's going to collapse if it loses the UK market is ...

ANDREW MARR:

(over) Is wrong.

SIR JOHN MAJOR:

... is a bit wide of the mark.

ANDREW MARR:

One final question on this. I mean you have intervened in this argument today. How big an argument is it for the country? Alan Johnson, who's leading the Labour campaign to stay in Europe, was on the programme a couple of weeks ago and he said that he thought it was a once in a lifetime, possibly 30 or 40 year kind of decision. Do

you take the same view?

SIR JOHN MAJOR:

I think it's a long-term decision. I mean the argument that we can have a referendum, say no and then go back and renegotiate is just a fallacy. If we come out, we are out, that's it. It's not politically credible to go back and say we've reconsidered, let's have another referendum. If we vote to stay out, then we are out and we will have to get on with it and face the consequences, which will be many and varied. Of course we will survive – we're a big and a powerful nation, of course we will. That's not the point. The point is would we be as safe? No. Would we be as well off? No. Would we be as influential? No. So that is the point that is really at issue.

ANDREW MARR

Very clear. Sir John, for now thank you very much indeed for joining us.

SIR JOHN MAJOR:

Thank you.

INTERVIEW ENDS