ANDREW MARR SHOW  
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JOHN McDONNELL

AM: First of all what did you make of President Macron?

JM: Oh, it was an impressive interview wasn’t it? I thought you were doing extremely, can I just say? I’ll flatter you. But I thought that was very impressive. He’s very straightforward in his views.

AM: Very eloquent.

JM: Very eloquent, but also he set the parameters of the debate.

AM: He regards himself as a man of the left.

JM: Yes.

AM: Do you regard him as a man of the left?

JM: I think he is centre-left, yeah, in some of the policies he’s advocating. Some of them I disagree with. I think he’s – it veers too much towards dominance of the market within the economy itself. But it’s interesting some of the reforms he’s advocating is also about the protection of the low earners as well. I like – I agreed with his analysis about the referendum, by the way, about the how new liberalism has alienated people, as a result of that they voted in a particular way in the referendum.

AM: That’s really interesting because he was very specific. He said that neo-liberalism, or too much liberalism, too many free markets without the protections was the responsibility and the fault of previous Labour British governments.
JM: Well, I think previous governments - but also governments across Europe as well. This almost adherence to neo-liberalism, market domination, we’re now seeing the consequences of. You know, we’re going to talk about Carillion, that’s one example. But I think he hit the nail on the head about how that alienated people and also they saw no – they were not getting the benefits about how the economy was developing. As a result of that in the referendum they rejected, well, the establishment.

AM: But he was also very, very clear that the British cannot get a passporting deal from the City of London. Now, you have said in the past that any deal over Brexit without passporting rights for financial services would be unacceptable.

JM: I’m really worried that if we don’t get the passporting rights it will impact upon our financial sector. But also about our services sector overall. So that’s something we’ve got to negotiate. He said that they would be setting the Barnier mandate in March. We’ll see what that mandate is. But yes, it’s a – it’s a worrying instance that he’s been citing there.

AM: Very worrying, because not only would it mean less taxes for a Labour government, it is a big part of the British economy. What would be the consequence? If you became Chancellor of the Exchequer after Brexit had been negotiated and the City had not got passporting rights, what would that mean for you?

JM: Well, it would cost jobs and it would start undermining our financial sector. That’s why, though, I actually think there is a deal to be had. Because it isn’t just the City of London and the financial sector in London benefiting our own country, it benefits Europe as a whole, because it brings together the opportunities of investors joining together and investing in Europe as well as Britain. So I think there is a deal to be had. I understand why President Macron has been fairly hard-nosed about it at this
stage, where in the negotiations I think we’ll see a softening, because there’ll be an increasing recognition of the joint benefits that we get from the passporting.

AM: Is he bluffing do you think?

JM: I don’t think he’s bluffing, I think he’s setting out certain parameters that he’ll want to – but I don’t think he’ll necessarily dominate in the discussions about the mandate, but we’ll see.

AM: But if you were negotiating, if you were in charge of the negotiations you would not accept any deal that didn’t have passporting in it or something like that?

JM: I set that out as a red line. I said what we should do – I said passporting or the equivalent basically. And I think that’s a deal to be had. I don’t believe that our current government can secure that deal, but I think we could in government.

AM: And in those circumstances to get that kind of deal would you, like Keir Starmer and Diane Abbott, be prepared for Britain to pay money in?

JM: Well, it’s interesting, because we’ve already said that there are certain institutions, like Euratom and things like that, where we’re going to have to pay our way because we need to cover their costs and get services in return. I’m not sure what President Macron means by saying we have to pay to get access on services.

AM: You have said in the past also that you would not pay purely for financial services to get access.

JM: I don’t understand why we’d have to pay. Does that mean, therefore, we would have to charge them for access to our market
as well? It seems to be – I think it seems to be a negotiating point rather than reality.

AM: He brought up again and again the so-called four freedoms and the single market. Can I ask you about something that puzzles a lot of people? Jeremy Corbyn has said repeatedly that you cannot be a member of the single market once you’ve left the EU. What is Norway in that sense?

JM: Norway has access to the single market, but it’s not a full member in the sense it’s a decision maker. It’s a rule taker rather than a rule maker, that’s what Jeremy means.

AM: So when people say can we be a member of the single market, we could be a member of the single market so long as we agree that we won’t be making laws?

JM: You can have access to the single market.

AM: So we could be effectively members of the single market?

JM: No, you’ll have access but you’ll not be a decision maker when it comes to the rules, and that’s quite important.

AM: Because Owen Smith, who’s one of your Shadow Cabinet Ministers, totally disagrees with this. He says he finds these comments, ‘slightly puzzling because it’s clearly impossible for us to be outside the EU and inside the single market, as is Norway and other countries.’ Is the wrong about that?

JM: It means access to the single market, that’s what it means. But the distinguishing factor is that you will not be a decision maker. You will be not a party to make the decisions.
AM: So to that extent it’s a semantic difference and an obvious one in a sense.

JM: Well, it is quite important because there’s a distinction between having access and then being a member where you are determining the rules in the future. That is quite significant.

AM: So in the circumstance of you being able to negotiate this, would you like us to be in effect part of the single market? We’re leaving the EU, but you know, really, really close, accepting the four freedoms, paying in and so forth.

JM: What we’ve been saying is is that we would like the benefits of the single market.

AM: But we have to give something back for that.

JM: Well it does and that’s subject to negotiation. On the four freedoms you know that immigration was an issue in the referendum campaign and I think there’s a way in which we can negotiate around that which would be acceptable to our European partners as well, so you see reform of the single market itself, so would not be the same single market but would be access to a single market.

AM: That would involve meaning a certain amount of free movement, it would involve meaning paying in and it would involve certainly copying a lot of their directives.

JM: All these issues are subject to negotiation but on freedom of movement we’ve always said we wanted reform anyway because we do not accept the exploitative of employment practices that have been taken place in the past and forced down wages, etc. We want protections. But it’s interesting, so do other European countries as well. In terms of decision making of course we want
to be part of some of the decision making, but that’s about equivalence rules as well.

AM: Jeremy Corybn has said at the Carillion collapse markets a watershed in our politics and raised the whole PFI issue and in many ways a lot of people will agree with him about that. However, the people who turbocharged the private financial initiative again were Labour governments. 75% of those contracts were signed under Gordon Brown.

JM: Let’s be clear about this. It started with John Major. You’re right, New Labour –

AM: Turbocharged.

JM: - really took it up and then over the last 7 years it’s continued on as well. One of my team had dug out for me some of the speeches I made as far back as 1998 in parliament and the articles I wrote. I opposed private financial initiative. Why? I said then, and this is not be being boastful, I’m just tell you what happened, I said then it is cheaper for us to use the state to borrow funds to fund our public services rather than go out to the private sector, in addition to that we’ll have control and ownership of the asset. I think PFI was wrong and I said so from the beginning.

AM: The people who were promoting it of course said, yes, you know there may be problems with it but this is the only way here and now we can get the new schools and the new hospitals and that in a sense is fair enough, isn’t it?

JM: It is and I can understand what the argument was but it was wrong. It would have been cheaper to - well I’ll give you the example.
AM: Let me give you an example if I may because you had a hospital in Hillingdon, in your constituency and you said then at the time ‘that we’ve got a proposal from a PFI scheme, the Hillingdon Hospital. I am not supportive of PFI schemes, you said, but if this is the way to secure the money fair enough.’

JM: It was the only short term. That was the point I made time and time again in debates. You are forcing people into PFIs when they don’t want them because you’re asking them, because it’s the only show in town, if you don’t go down the PFI routes the patients will suffer. It was terrible to see them making –

AM: This is the absolute dilemma. You are against PFI in principle but when you get a hospital in your own constituency you’re in favour of it and everybody felt the same way.

JM: No, it was because we were forced into it and I had a school in the same position. We were forced into it. Now all the way along I said this is wrong, it will not work, it will cost more.

AM: And now you want to take those contracts back home you said to the Conservative Party, back inhouse. Now do you accept that involves quite a large upfront payment?

JM: Well we’ve already got the upfront payment. The National Audit Office Report, if I just explain, Andrew, the National Audit Office Report this week said we’re now committed to £200 billion worth of expenditure over the next 20, 25 years. So that money’s already there in terms of a liability that we’ve got. What I’m saying is if we bring into public ownership the special purpose vehicles, equity in these stakes is 10%, the rest, 90% is debt, what we could do then is control then and refinance in a way which we would save money and in the long run it will save us money.
AM: But the problem that you have got is some pretty savage brake clauses, penalty clauses written into these contracts. I went onto the Treasury website and they give an example of one of these clauses. They say: ‘the contractor and its financiers are fully compensated (i.e. no worse off than if the contract had proceeded as expected.)’ And departments across Whitehall are supposed to use those contracts to do PFIs.

JM: Well, it depends on the individual contract. If you take Transport for London they terminated one PFI. They saved nearly £500 million. There will be some contracts which have clauses like that in there.

AM: Too expensive to get out of.

JM: Well no, we'll look at those, but parliament will determine the price that we pay for the special purpose vehicle, that's the first thing and parliament will determine the conditions for the future. I - look, I've warned against these for over 20 years. I regret that I wasn't –

AM: I'm not arguing with this at all, I'm just arguing about the costs of bring them back in again.

JM: And what I'm saying is that the advice I'm saying to people it will be cheaper now to bring the special purpose vehicles into public ownership, parliament will determine the price. We can renegotiate the terms of the debt that there is now and make it cheaper. That's what a lot of people do in their own lives. They go out and renegotiate their mortgage to save money and that's what we'll do under this.

AM: Now another conversation that we have had over the months and years probably is over the cost of renationalisation and you've
never given me a figure, anywhere like it. But now one of the admittedly right of centre leaning think tanks –

JM: Oh it’s more than that.

AM: - has kindly, kindly moved in to help.

JM: It’s more than right of centre. It’s almost a department of the Conservative Party.

AM: But this is the problem. If you won’t give the figures other people will.

JM: Okay.

AM: Now let’s take the example of water. There are lots and lots of voters, particularly younger voters perhaps, who look at the sky above and look at their taps and think why are we paying such a huge amount of money, £86 billion to a private company to give us water? And they would like water to be renationalised, but the cost, according to the CPS, would be £86 billion.

JM: I know, that’s laughable figures.

AM: Too high? Too high?

JM: Yes, of course. Look, let’s be clear. The CPS is almost a department of the Conservative Party. That report was written to a former advisor to Amber Rudd, so it’s hardly independent.

AM: But eventually somebody else will do a similar kind of report.

JM: Of course. Now what I’m saying is is that parliament will determine the price that we pay.

AM: So 50 billion a quarter, is that too high or too low?
JM: I think it is, but parliament will determine the price. Let me just use this analogy because I think people need to understand the process of it. It’s almost like buying a property. We go out and we buy a house in London, the average price is half a million. We borrow that money from the bank, okay? I then rent that house out, it brings in a rent, so in other words I’ve borrowed half a million but I’ve got an asset of half a million, they square, net each other off. I rent it out, that rent comes in, I pay the mortgage, the rent will also cover a bit of income for myself, but also it will cover a bit of repair, maybe extend the property. That’s what we’ll do here. We’ll bring them inhouse, yes, we’ll borrow the money to do that but the cost – well basically the income that comes from those assets will cover that cost and enable us I think to reduce price and invest.

AM: ‘Socialism is the language of priority,’ somebody once said. As Labour Chancellor you have lots and lots of call on money. Lots of things on welfare, on education, NHS and so forth that you need to find money for. Is it really worth it to spend quite so much money to bring the PFI contract in early and also for renationalisation as well? Is it worth it?

JM: Yes, I think it is. I’ll tell you why because at the moment our NHS, our education services, other services are being drained by the exploitation of these private initiatives. Look at the National Audit Office Report. It just gives one example, schools. 40% above the cost if we’d have borrowed as a state. One hospital, 70% above the cost. Some of our health authorities they’re paying out 20% of their income on the basis of PFI schemes.

AM: And you’re going to change that.
There is one other thing I must, must ask you about this week and you’ll probably know what it is. Andrea Leadsome, the Leader of the House of Commons made a very strong personal attack on you. She said about comments that you’d made on Esther McVey.
'This is truly evil. Utterly disgusting. The laughter about launching a campaign against Esther McVey and then the guffaws about killing her. Seriously, is this Jeremy Corbyn’s kind of gender politics? This has to stop.’ Now you’ve been, as it were, hounded by this for a very long time.

JM: I’m surprised at Andrea, I like her, she’s a good woman. You know what happens –

AM: Well the problem is that the audio has now become available of that meeting.

JM: I know, I know.

AM: and people think that you weren’t simply quoting people, as you’ve always said, you were quoting somebody else, but that you were somehow quoting them approvingly.

JM: No, of course I wasn’t. Of course I wasn’t, but also remember –

AM: But there was laughter.

JM: I know but it was a stand up thing and I was saying, look this is how rough politics is up there and it’s ridiculous.

AM: I’d liked to end –

JM: Yeah, let’s end it here though. Remember a couple of weeks later in parliament I got up and made a statement and said of course I don’t agree with that. I don’t wish harm to anybody and I refuted it completely. Let me just say –

AM: Shall we play – I mean you can play the audio, would you like me to play the audio?
JM: No, I don’t. You don’t need to, I know exactly what was on it. But let me clear what happened here. That was recorded by I think Daily Mail, something like that. They did nothing until Ed Miliband was getting up to make a major speech and then they ran the story to spike his speech. It was a political manoeuvre. But I made it –

AM: Well that’s a manoeuvre, but there was laughter in the background.

JM: Yes I know but I was saying, I think it was a Liverpudlian comedian, so I said look how rough politics is up there, it’s ridiculous. But in parliament when people misinterpreted it I got up and I said of course I don’t support this and I wish harm on nobody and that was accepted.

AM: Now you completely disagree with Esther McVey’s politics and all of this, but can you now apologise to her if she was upset as she would have been by what was said?

JM: Well I said then I did not support what was happening, of course I didn’t support that. And it is for those people who made that statement if they wish to make the apology, but let me just say this. I made a statement within parliament saying of course I don’t support this. I wish harm to nobody but what I do want people to think about is the policies the government was pursuing against disabled people who suffered so much as a result of those policies.

AM: John McDonnell, thanks very much indeed for talking to us.