Labour must ‘spell out’ spending cuts

THE ANDREW MARR SHOW

INTERVIEW:

LORD MANDELSON

FORMER LABOUR CABINET MINISTER

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ANDREW MARR:

Now Peter Mandelson’s extraordinary political career took him from student activist to central figure behind the repackaging of Neil Kinnock’s Labour Party and then to the core of the all-conquering New Labour under Tony Blair. After a stint in Brussels, it was back to frontline politics - binding the wounds in Gordon Brown’s battered cabinet - and he hovers still, detached from Ed Miliband’s One Nation team but only perhaps semi-detached. Welcome Lord Mandelson.

LORD MANDELSON:

Thank you very much for focusing on the highs rather than the lows of my political career. Very kind, very Christmassy.

ANDREW MARR:
Well we’re always … Very Christmassy, very polite. Thank you for that. Now it’s being said at the moment by a lot of people in the Labour Party that the Autumn Statement – those big, big spending cuts rolling ahead over the next five years – gave the Labour Party a straw or a rope at a crucial moment. First of all, do you agree with that? And if it’s a gift, how do you think the Labour Party should play it?

LORD MANDELSON:
Oh I think when people look back to the last few weeks in politics, they’ll see it as a defining moment for the next election. To be honest, I was slightly surprised that the Conservatives chose to take such a sharp step to the right, but they created an opportunity for the Labour Party, which they swiftly took, and moved onto the centre ground with their own deficit reduction proposals, which I think vacated the place left by the Tories. And I think that the Labour Party, therefore, has put itself in a very good position for the coming election.

ANDREW MARR:
Alex Salmond said in the past week that he thought the Labour Party could never win with Ed Balls as chancellor. Are you now as it were reconciled to Ed Balls’ vision of the economy? Do you think he’s got it right finally?

LORD MANDELSON:
I think he has. I mean what the Labour Party is saying – and I think it’s a sensible and reasonable position – is that they will reduce day to day spending right across government departments, with the exception of the National Health Service that will be protected, and they will do that year on year. That they will reduce the percentage of borrowing as part of our gross domestic product. Absolutely right – we can’t sustain a level of borrowing and indebtedness that we have at the moment. And that at the end of that parliament, you will see the books balanced on current spending; and, if growth goes well, I think we will have a surplus as well. Now that is where the sort of centre ground of British politics is. They both want a strong economy and one where the public finances are properly managed, and they want a fair society too and they’re prepared to pay for that within obviously reasonable limits of taxation.

ANDREW MARR:
But that also requires very, very substantial spending cuts from a Labour government over the next few years, and there has been a suspicion that Labour really isn’t up to it, isn’t strong enough to do that …

**LORD MANDELSON:**

*(over)* Yeah well I tell you …

**ANDREW MARR:**

*(over)* … isn’t gritty enough.

**LORD MANDELSON:**

… yeah I’ll make a point about this. There’s no point just leaving it to the two Eds to make these statements. You know the shadow cabinet as a whole have got to play as a team in this. Yes in the last few weeks Labour has scored – it’s put that sort of deficit ball to the back of the net. To keep it there, each member of the shadow cabinet has got to be honest with the public. They’ve got to set out what this means for their own departmental budgets and demonstrate to the public that they mean it – that they share the same sort of discipline that Ed Miliband and Ed Balls have shown.

**ANDREW MARR:**

So they need to raise their game and there needs to be more of a single voice coming from every single member of the Labour shadow cabinet than we’ve seen so far?

**LORD MANDELSON:**

Yes, but let me make another point too. We’re not going to be able to achieve anything we want in this country, whether it’s a Conservative led country … led government or a Labour led government, unless we create a much more balanced, stronger economy. And if I had a criticism to make – by the way of both the main parties – is that they don’t talk enough about how they’re going to drive up productivity, which must be …

**ANDREW MARR:**

*(over)* Which has been very low in this country.
LORD MANDELSON:  
(over) … which must be the basis for sustainable growth. And we’ve got to see a modern industrial policy – one that enables this country to balance away from our over dependence and over exposure on the financial sector and invest and grow much more actively – advance manufacturing, engineering and services. That’s where the well paid jobs are going to come from in the future and where our exports are going to come from as well.

ANDREW MARR:  
When you were industry secretary, you said we needed more real engineering and less fiscal engineering in this country.

LORD MANDELSON:  
Yes, I did.

ANDREW MARR:  
How are we going to get that? What would that industrial policy actually look like?

LORD MANDELSON:  
It means the government playing its part in supporting innovation in this country, supporting enterprise and the openness of our economy to trade. Those are the principal sources of productivity. And the government of course can’t do everything and nor should it. I don’t want to see a sort of heavy you know boots of the state sort of lolloping, chunking all over the British economy …

ANDREW MARR:  
Yeah.

LORD MANDELSON:  
... but it when it comes to the sort of heavy lifting that needs to be done sometimes to help investment in key manufacturing sectors and do some of the financial pump-priming as well …

ANDREW MARR:
(over) Be a little more …

LORD MANDELSON:
(over) … that’s where I want the government to be available.

ANDREW MARR:
Be a little more French perhaps. On which note …

LORD MANDELSON:
But not overly French. (laughs)

ANDREW MARR:
But not overly French. On which note, Europe. John Major said on the programme – I put it to Ken Clarke …

LORD MANDELSON:
Yeah.

ANDREW MARR:
… that we have a 50/50 chance now of leaving the EU. There’s a poll today saying most people want to leave the EU as things are at the moment. That is a huge blow to the European Movement of which you’ve been such a prominent part.

LORD MANDELSON:
Yes and …

ANDREW MARR:
(over) What needs to happen now?

LORD MANDELSON:
… and by the way both Ken Clarke and I and Danny Alexander of the Liberal Democrats have agreed to become joint presidents of the new pro-European campaign organisation British Influence, and you’ll be hearing more about that in the weeks to come. Look, one thing that has struck me about the opinion polls – just put aside this
week’s snapshot – what’s struck me about the opinion polls is as the debate on Europe has grown actually more people have moved to the pro-European position. Yes you will get snapshots this week or that, you know …

**ANDREW MARR:**

*(over)* And have we seen peak Farage, do you think?

**LORD MANDELSON:**

I don’t know whether we’ve seen peak Farage. Certainly we’ve got quite a lot of voters in this country sort of playing around with marginal parties like UKIP because they’re angry, they’re pessimistic. They want to sort of make … demonstrate their protest.

**ANDREW MARR:**

That is the mood of the country, yeah.

**LORD MANDELSON:**

But the election itself and which is the biggest party will be decided, let’s be clear, on the centre ground and not on the margins, and that’s where Labour has to be and to remain.

**ANDREW MARR:**

Peter Mandelson, for now thank you very much indeed.

**INTERVIEW ENDS**