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AM: Can I first of all say you're going to Washington to meet Donald Trump, I think on Friday. It's been reported in the papers as well that he is going to come here in the summer. Are you hoping that that's going to happen?

TM: Well, I would look forward to welcoming President Trump here to the United Kingdom sometime this year if that's possible. But of course, in terms of state visits, that's a matter for Buckingham Palace, and they haven't announced the visits for this year yet.

AM: What did you make of his inauguration speech?

TM: Well, I think his inauguration speech had a very clear message to it, which is the message that he gave during his campaign about putting America first. But if you think about it, any leader, any government, as we do here in the United Kingdom, when we look at any issue we ensure that we're putting UK's interests and the interests of British people first.

AM: And you're going on Friday to talk to him, is that right?

TM: Yes, I'm going to be at the end of the week, and I shall be meeting him on Friday and talking to him on Friday. And there'll be many issues for us to talk about, because obviously the special relationship between the UK and the US has been strong for many years. We'll have opportunity to talk about our possible future trading relationship, but also some of the world's challenges that we will face, issues like defeating terrorism, the conflict in Syria.

AM: Because this is a man that Britain both needs but is also incredibly divisive. Your own policy chief, George Freeman, said that the inauguration speech you've just praised was 'deliberately

divisive and confrontational and showed the politics of hate,' and a lot of people agree with him.

TM: What I think is important is that when I sit down with Donald Trump I'm going to be able to talk about how we can build on that special relationship. He's already said to me that he wants to see a very strong relationship between the UK and the US going into the future. There are issues that we will work together on in the future. The importance of NATO, for example. As I said, defeating terrorism. These are issues where we share the challenges, we see the threats and we have worked together in the past and will in the future.

AM: You are now one of the most prominent women political leaders in the world. Two million women marched against what Donald Trump has said about women yesterday, all around the world. Now, you must be torn in a sense between somebody who wants a good deal from Donald Trump and somebody who is going to talk truth to this particular version of power. Which is it going to be? Will you raise the issue of his treatment of women when you talk to him?

TM: Well, first of all, I've already said that some of the comments that Donald Trump has made in relation to women are unacceptable, and some of those he himself has apologised for. But when I sit down, I think the biggest statement that will be made about the role of women is that fact that I will be there as a female prime minister, Prime Minister of the United Kingdom, talking to him, directly talking to him about the interests that we share. I've got a track record – Andrew, I've got a track record. If you look at everything I've done in terms of defending the interests of women and work I've done on slavery, on domestic violence and so forth, I'm proud to be only the second female prime minister that the United Kingdom has had. Both of us Conservatives. You know, the Conservative Party has put female prime ministers here. I will be talking to Donald Trump about the issues that we share, about how we can build on the special

relationship. It's the special relationship that also enables us to say when we do find things unacceptable.

AN: And you will say that to him?

TM: Whenever there is something that I find unacceptable I won't be afraid to say that to Donald Trump.

AM: Alright. Now, you mentioned NATO just now. He has called NATO obsolete.

TM: No, he has shown also – I've spoken to him about NATO. NATO is very important. NATO has been the bulwark of our security here in Europe and we work together in NATO. We've both made the point before about contributions being made by countries. The United Kingdom is spending two per cent of its GDP on defence. I believe that's important.

AM: Do you agree with what he said about other NATO countries not paying their way?

TM: Well, there are other NATO countries that are also paying two per cent of their GDP on defence, and others that are working towards to doing that. What is important is that we recognise the value of NATO – which he does. The value of NATO as an organisation that is helping us to defend Europe and defend the interests of all of those allies who are in NATO.

AM: Now, post-Brexit we need a good free trade deal from Donald Trump, and yet this is the most protectionist President America has had for a very, very long time. You were lauding free trade at Davos in Switzerland, the Chinese talk about free trade. Donald Trump wants to tear up free trade agreements and he's said, 'buy American, hire American.' How is this going to be a man that we can do a good deal with?

TM: Well, he's also – he and people around him have also spoken about the importance of a trade arrangement with the United Kingdom, and that that is something that they're looking to talk to

us about at an early stage, and I would expect to be able to talk to him about that alongside the other issues I'll be discussing with him when I'm in Washington. I think free trade is important around the world. I believe globalisation is important. I believe this does bring economic benefits to our countries. But we do need to make sure, as I said in Davos this week, that those economic benefits, that prosperity, is spread across the whole of the UK. That's why I'm introducing a modern industrial strategy this week, so that we can ensure that we're building on the strengths of our economy across the whole of the UK.

AM: This is technical schools, this is putting a new layer into the education system, as it were, below university, technical education which isn't really provided for a lot of people in this country at the moment?

TM: Well, it's a variety of things. Yes, we will be putting an emphasis on technical education. We'll be looking at how we can extend some of the very successful specialist maths schools that we've seen across the country. But it's also crucially about bringing all parts of government together that have an impact on the economy and on industry across the whole range of sectors that includes services as well as manufacturing. It's about saying what are our strengths, as we come out of the European Union we're coming together as a country, we're forging our future, we're shaping a new future for the UK as a global Britain. How can we do that?

AM: Might this be a moment when we see a real pivot, a real change in our industrial and economic position? Because we know that we're losing some – we're going to lose some banking jobs, let's not argue about how many. Some banking jobs will go at one end of the economy. Ever since I've been reporting politics people have been saying we're too reliant on the financial services, we don't do enough manufacturing. Is this a moment that that perhaps changes?

TM: Well, we've already seen in the last few years some adjustment in the economy in the UK. But what the modern industrial strategy will be about will be saying what is the shape of the economy that we want for the future? Where are our successful sectors that we could help to encourage to grow? But also what are the sectors that we need to look at for the future too? You've mentioned technical education. There's a lot that we can do in science and innovation. Sir Mark Walport, our chief scientist, is looking at a battery institute. Battery technology, we're leading the way on that already. There's a lot more that we can do. So where are the sectors that we can build on for the future? But crucially, let's look at the strengths of the whole of the United Kingdom to make sure that this is an economy that works for everyone. This is part of my overall plan for Britain.

AM: Right. Now, you made a very, very important speech at Lancaster House this week, when you were talking about your plans for Brexit. You've been working on it for months and months and months, so I'm sure it was very much thought-through. And in that speech you said that if Britain had to walk away from a bad deal inside the EU – and I'm quoting you here – 'we would have the freedom to set competitive the tax rates and embrace the policies that would attract the world's best companies and biggest investors to Britain.' Can I ask you what those policies would be?

TM: Well, let me just first of all explain why I made that point, because I think this is very important.

AM: It sounded like a threat, if I may say so.

TM: No, I have every expectation that we will be able to achieve a very good trade deal with the European Union. I think that, not just because it's going to be good for the UK, but also it's going to be good for the European Union too. So I want a trade deal with the EU which ensures that our companies have the best possible access to and opportunity to operate within the European single market in goods and services. But I'm very clear that on behalf of

the British people I don't want to sign up to a bad deal for the UK.

So it is right that we say that we look at the alternatives and –

AM: What I'm asking you is what the alternative is.

TM: Well, the alternative, whatever the circumstances, whatever the deal is that we sign up to or if we don't get a good deal, I want to retain the competitiveness of the British economy. And that's why we will be looking at those options.

AM: Coming to those options because there have been suggestions that we could turn Britain into a tax haven of some kind. Is that on the agenda if we get a bad deal?

TM: We will be looking at the competitiveness of the British economy. If we have to walk away – I don't suspect we will. I have every confidence, because of the interests of the European Union as well, that we will be able to get that good deal.

AM: No, I understand that.

TM: and I know you're trying to ask me to go into details.

AM: Well I am because you raised it. You raised it. It's been noticed all across the EU, people have been talking about little else in Brussels, Paris and Berlin and so forth. So what I want to know is you've mentioned specifically cutting tax rates but beyond that are you seriously suggesting that if we don't get a good deal we'd shred workers' rights, we'd cut tax rates for bankers' bonuses, we'd allow ourselves to become some kind of tax haven, because that's what it sounded like.

TM: Well on the issue of workers' rights let me be very clear about that. I have said on more than one occasion this is a government that will protect workers' rights. Indeed more than that. It's a government that has set up a review of the modern labour market to ask the question –

AM: So that won't be in play whatever happens?

TM: - to ask the questions have workers' rights actually kept pace with the changing way that the labour market is developing. What we are doing, what I was doing in that speech was setting out a number of things. First of all showing that as a country we are coming together. We're coming together to shape our future.

AM: If I may say so, Prime Minister, you're elegantly moving away from what I'm trying to ask you about, which is what is the alternative? Does it involve cutting corporation tax, as John McDonnell was suggesting to 12%? These are things that people need to know about because we look down the barrel of the gun. If this is a possibility we need to think about it. And it seems to me that the contradiction is that you're one kind of Conservative, a traditional conservative Conservative, you're very concerned about the just about managing people, you want everyone to pay their taxes and so forth and yet now you're suggesting that we'll be some kind of off shore Singapore with low tax rates, low regulation, low workers' rights. Is that really an option?

TM: What I'm saying is something very simple and I think for the vast majority of the British public this is exactly what they would want their prime minister to be doing. We want to negotiate a good deal with the European Union when we leave for our trading relations. For the sake of our economies, I think it will be for the sake of theirs too.

AM; But we can't be sure that's going to happen. No one knows it's going to happen.

TM: Andrew, if you just let me. I have every expectation. I want to negotiate that good deal and I have every expectation we'll be able to but it's only right that I, as British Prime Minister, should say, that we are not going to sign up to a bad deal for the UK. But whatever the arrangement is, whether we've had that good deal,

whether we have had to say that it's a bad deal which we won't sign up to, we will maintain the competitiveness of the British economy. Now how we do that will be something that obviously will be looked at in detail should that be the eventuality that we come to. But our focus at the moment is on ensuring that we get that good deal that enables us to have the strategic partnership with Europe that I want to continue to have. Because we're leaving the EU but we're not leaving Europe.

AM: Absolutely. But it is perfectly possible we will have go down this second route, we can't know that we won't, which is why it matters so much. Philip Hammond has talked about the 'alternative economic model,' and what I'm trying to work out is what that alternative economic model could be. Because the logical answer is if we're outside this free market area then we could try and deregulate and become as it were the low tax, low regulation alternative. If that's what we're talking about, I just think we need to know that.

TM: Well, what I just said to you is that obviously we will – depending on how the negotiations go, if we get to the point where we've got that – we feel there is a bad deal obviously we will have looked at that eventuality and what we can put in place in relation to that. You mention deregulation. Actually of course what people forget is that when we leave the EU, at the point of which we leave the EU I have said that what's called the EK, EU law will come into UK law, everybody will know where they stand at that point so we can have a smooth exit. I think that's absolutely right. But at that point it will then be possible for us to look at our regulations. But what I'm doing this week is crucial to all of this, which is setting out a modern industrial strategy which is about setting the basis for the future competitiveness of the British economy.

AM: I understand that. Now in that same speech you appeared to suggest that if you didn't get the right deal that we would cease proper security and surveillance relationships with other European countries as if our GCHQ speciality was on the table in those talks. That's presumably a mistaken interpretation of what you were saying.

TM: There are lots of issues which come under the remit currently of the European Union, there are some others that don't in terms of some of the relationships that intelligence agencies have, but there are lots of issues that come under the remit of the European Union in the justice and home affairs area which I of course know about as Home Secretary for six years – which are part of maintaining our security are important tenants.

AM: But you wouldn't threaten those relationships, would you?

TM: - which they would be part of the negotiation.

AM: They would be part of the negotiation?

TM: Well they will have to be because we're there in those relationships.

AM: Ah, so that is on the table as something that could be removed from it?

TM: Well, no, no, Andrew if you listen very carefully to what I've said, let me give you some examples. So there are certain border systems in Europe that we're members of as members of the European Union. We'll have to talk about what our future relationship is. We're a member of Europol as a member of the European Union. We'll have to talk about what our future relationship is. So there are issues in that justice and home affairs and security area where they will be part of the negotiations

AM: Very interesting.

TM: - precisely because we are there because of our membership of the European union. But what I said in my speech is that I want to continue to have that good close cooperation. If you look at the threats that we face collectively at the moment and individual countries, now is not the time to cooperate less, it's the time to cooperate more.

AM: Two other questions, if I may, two other areas. You'll have seen the story this morning about a Trident misfire that was kept from the House of Commons and kept from the public. When you made that first speech in July in the House of Commons about our Trident nuclear defence did you know that misfire had occurred?

TM: Well I have absolute faith in our Trident missiles. When I made that speech in the House of Commons what we were talking about was whether or not we should renew our Trident. Whether or not we should have Trident missiles an independent nuclear deterrent in the future.

AM: Did you know that this had happened?

TM: I think we should defend our country. I think we should play our role in NATO with an independent nuclear deterrent. Jeremy Corbyn thinks differently. Jeremy Corbyn thinks we shouldn't defend our country.

AM; But this is a very serious incident. Did you know about it when you told the House of Commons?

TM: And the issue that we were talking about in the House of Commons was a very serious issue. It was about whether or not we should renew Trident. Whether we should look to the future and have a replacement Trident. That's what we were talking about in the House of Commons, that's what the House of

Commons voted for. I believe in defending our country, Jeremy Corbyn voted against it, he doesn't want to defend our country with an independent nuclear deterrent.

AM: Prime Minister. Did you know?

TM: There are tests that take place all the time regularly for our nuclear deterrents. What we were talking about in that - debate that took place was about the future..

AM; Well it's not an answer. Okay, I'm not going to get an answer to this. Can I just ask about one other thing then if I may. Social care is in crisis in this country up and down the country. The second most Conservative council in this country, in Surrey under David Hodge, has suggested a 15% rise in council tax so that Surrey has a decent social care system properly funded. Do you applaud him, do you approve of that we has done and if you were in Surrey would you vote for that yourself?

TM: We recognise that there are pressures on social care. That is precisely why we have put extra money into social care. We've allowed local authorities to raise extra money for social care through the social care precept, but what local authorities do in relation to their council tax is a matter for them and between them and their electorates. What we have done is put extra money in. We have enabled them to have that ability to raise money through the social care precept, but this isn't just about the money that is available. We need to ensure that best practice is spread around the country.

AM: Absolutely, but it's quite a lot about money.

TM: There are some councils where there are virtually no delay discharges from hospitals into social care. There are others, there are 24 councils, that account for 50% of the delayed discharges

from social care. Let's look at what is happening in the system and then crucially, this is an issue that has been ducked by governments for too long. That's why I have set up work to say we need to find a solution so that we've got a long term sustainability of our social care provision. That's what people want and it's what the government will do.

AM: Prime Minister, good luck in Washington and thanks for speaking to us.

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