

ANDREW MARR SHOW, 30TH JUNE, 2019

JEREMY HUNT, MP

Foreign Secretary

AM: Now the truth of the matter is, you know, you're making a bit of progress but you're still far, far behind Boris Johnson, and that's partly down to your own use of language. Do you regret calling him a coward?

JH: Well what I said is, "don't be a coward," because I think it's a great shame. This is actually the last of your shows before many Conservative Party members will vote, because they'll be getting their ballot papers in the next few days and he hasn't been on here, he hasn't been prepared to do head to head debates with me before people vote and I think people want a contest; I think that's respectful to members and I think it will be much better for whoever's Prime Minister to have that had contest first. So I think what we need is a bit of mojo from Bo-Jo.

AM: Now you have also said he must be straight with people. Being straight is our motto here today.

JH: I'm always straight on your show, Andrew.

AM: Of course you are. In that spirit I want to ask about the Hunt spending splurge, because it seems like an awful lot of money. Corporation Tax, your proposals on Corporation Tax would cost about £13 billion, where would that come from?

JH: Well we have about £26 billion of headroom at the moment, and this is a very –

AM: I thought you'd say that. But the Institute for Fiscal Studies say that is just a posh way of saying extra borrowing.

JH: Well no. There is £26 billion of room which the Chancellor has built up as a war chest.

AM: Did you say room? Room of what kind? That is extra borrowing, isn't it?

JH: Well it is true that if you don't spend that money you could use it to reduce borrowing. But what I want to do is something different. Now you asked about Corporation Tax. This is not the most populist of tax cuts but the Republic of Ireland cut their Corporation Tax to twelve and a half percent; that's what I want to do. When they did that they were a less wealthy country than us. Their GDP per head was lower. After they did that it actually went up to nearly 50 percent higher and if we could do actually what President Trump has done in America, which is stimulate the economy – as an entrepreneur that's what I want to do – we could increase our growth rate to American levels of 3% plus.

AM: Maybe. Maybe. We don't know that.

JH: Well, that's what happened in Ireland when they did this and if we did that here that would be –

AM: Different, smaller country with a different type of history.

JH: Yes, but we're doing different things and we've got different advantages in this country as well. That would create – if we got that American growth rate, an extra £20 billion to spend on precious public services like the NHS, the social care system and so on -

AM: As I say again, if.

JH: - that's why I think it's the first thing that a responsible prime minister has to do is to say how do we fire up the economy.

AM: Let me stick with your spending pledges because you've also suggested there would be a two and a half percent defence spending, an increase in defence spending and that would cost, what, about £15 billion?

JH: You'd work up to that over a five year period.

AM: £15 billion. Your proposals on National Insurance, so far as one can cost them, would cost an £11 billion extra, yes?

JH: No. Because what I said on National Insurance is that, that is what I would like to do for personal tax cuts when we can afford it, but I haven't made a pledge to do that immediately.

AM: So you'd like to do in due course. But that suggest you'll do it, you will do it.

JH: No, it's something that I want to do when I've grown the economy. My first priority is to do what Ireland did with the Irish miracle, to do what the United States has done, to grow our economy. And interesting listening to you talking to Stephen Fry just now and artificial intelligence. We have the top universities in Europe, some of the best in the world. We have more technology entrepreneurs than pretty much anywhere else in Europe. Put that together and we could be the world's next Silicone Valley. And that would set this country up for the 21st century. And you know, in ten years time I think Stephen Fry is right, people aren't going to be talking about Brexit and backstops –

AM: Be talking about robots.

JH: - they're going to be talking about nanotechnology and artificial intelligence, and that is something we could excel at and that's what I want to do.

AM: I'm going to carry on talking about your spending plans -

JH: Go on. Please do.

AM: - if you don't mind, because you've also talked about more money for education, social care, tax breaks for granny flats and scrapping the business rate for 9 out of 10 traders, as well as an extra billion pounds to reduce the interest rate on student loans, about which you were very eloquent the other day. So that's all extra spending. You tot it all up and you're not far short of £40 billion of extra spending which in turn is within spitting distance of what the Labour Party is offering at the last election.

JH: No, because the IFS, where I think that number came from, have got their numbers wrong because they said that we would double defence spending and we're not. We're going to increase it by £15 billion within a five year period.

AM: On defence spending it goes up to 2.5% under your proposal and –

JH: After five years.

AM: - and that's a £15 billion increase.

JH: After five years. It's a gradual process. And let me just talk about that for a moment because no, I think you have to understand the why as well as the what. At the point of Brexit the whole world is looking at Britain and they are saying, you know, 'what's happening with all this Brexit paralysis?' And I want them to know that we are a strong, self confident country that is going to stand up for democratic values and the security you need. And at this moment in our history, a very exciting opening of a chapter in our history, I think we need to send that signal. That Britain is back and our voice is going to be loud in the world.

AM: You are going around the country making big spending pledges. The difference with the Labour Party – they did the same thing but they produced their Grey Book and they said all spending, all current spending will be paid for and they explained how it was going to be paid for. It wasn't popular but they had the honesty to talk about the tax rises that they were going to require for their spending proposals. You are not. You say you're being straight with people but you have big spending plans which appear to come from extra borrowing and crossed fingers about the future state of the economy.

JH: No. No, not at all. The Treasury themselves say that they have about £26 billion of headroom. That means that you could spend that money without increasing taxes, without - while sticking to the Chancellor's own fiscal rules. But what I'm saying is, spend that money wisely. That's the choice a prime minister has to make. Spend it in a way that increases the growth of the economy, that creates more opportunities for young people that turbo charges what could be the most dynamic pro business, pro enterprise economy in Europe and then you create the wealth and all those other things. You know as Health Secretary I campaigned very hard for extra money for the NHS. I'd like our

new social mission to be the education system, as you talked about. I do think they need some more resources there.

AM: Social care.

JH: And social care. You can do those things if the economy is going from strength to strength and that's what you get with a business person running it.

AM: Several times you have mentioned this phrase, headroom and we're going to hear it again and again and again I suspect in the context of this contest. So let me read you what Paul Johnson, a Director of the IFS, it's a respected body says. "Spending the £26 billion fiscal headroom simply means borrowing that much more each year. It is certainly not consistent with the Conservative manifesto commitment to a balanced budget." And the Chancellor, the current Chancellor, Philip Hammond says: "A damaging no deal Brexit would soak up all the fiscal headroom we've built up." That is not money that you can honestly spend now.

JH: Well, Philip Hammond is right, that if we had a no deal Brexit then some of these spending commitments would have to wait because you would need to divert that money to support businesses up and down the country, farms, manufacturers and so on. So it is true, and that is why Philip Hammond has built up that headroom in case we have a no deal Brexit.

AM: So with no deal you'd drop these spending pledges?

JH: I wouldn't drop them, because I think we can make a success of no deal, but I would –

AM: How would you pay for them?

JH: Well, I'm saying they would take longer because you wouldn't have that money at your fingertips straight away.

AM: How much longer?

JH: Well, Andrew, we can't answer that question.

AM: Decades.

JH: But let me just tell you. Of those commitments the one that I would not drop is the one to reduce Corporation Tax. As I say, it's not the tax cut people are talking about on the doorstep when you meet them, but it is one that would fire up the economy in the way that would be helpful in a no deal contest. Because we would have you know, economic bumpiness and we need to support businesses and putting money in the pockets of businessmen at that moment –

AM: Would be the right thing to do.

JH: - would I think be the right thing to do.

AM: Now your campaign has made a bit deal this morning about your new Brexit negotiating team and your whole appeal really for Tory members has been I'm the guy who can do the deal. So just explain to us what the plan is.

JH: Well, I've indicated this morning the kind of international team that I will put together, the best negotiators in the business, for the trade deal that we will negotiate post Brexit.

AM: Have you got Stephen Harper onboard?

JH: He is someone that – well we've been having discussions with him and he's someone whose talents I would very much hope to use. But my point is this. That, that is for the trade deal post leaving the EU. But ahead of that we have got to leave the EU and we know that parliament will try very hard to stop a no deal Brexit. So the quickest way, the safest way to leave the EU is to send to Brussels someone that they will talk to, someone who can negotiate a better deal, a deal that can get through parliament and I believe I'm the person to do that.

AM: I was up in Scotland last week and everybody was very, very interested in your answer when you were asked, in the end Brexit or the Union, which comes first? And you said, "the Union every time." Is that your position?

JH: It is my position. But I think that for Conservative Party members what they would say, and I agree with them, is that we

want both, because we are a union and one of the most important things about our union is that we are a democracy. And that means we are a country where we do what the people tell us to do and that means delivering Brexit.

AM: So the reason I'm asking that is almost every Scottish Conservative I've spoken to or heard from on this, believes that a no deal Brexit would be a real threat to the union and could end Great Britain. David Mundell, who's the Scottish Secretary at the moment has called no deal; "A threat to the continuance of the United Kingdom." That is a very, very strong feeling in Scotland and yet as our potential Prime Minister that's where you're prepared to take us. So how can you say that the Union comes first?

JH: Andrew, I have Welsh blood in me, Irish blood in me. I spent a couple of very happy years of my childhood in Scotland. I am a Unionist to my fingertips and I will never allow our union to be broken up. And what like David –

AM; Unless delivering Brexit means a no deal in which case you will?

JH: No. Because what David Mundell said is right. That of course there are risks. You think what someone like Nicola Sturgeon would do politically if we had a no deal situation and we would have to get through that. And that is why a no deal Brexit is not my first choice. But in the end if the only way to leave the European Union is without a deal – let me finish Andrew. If the only way to leave the European Union is without a deal then I would do that. And we will make a success of it and we will protect the Union but we would have to be very sensitive to the concerns that people like David Mundell raised, because you're absolutely right, it would not be popular in Scotland.

AM: I don't understand how it can both be the Union first every time and being prepared to endanger that by going for a no deal Brexit. Those two things must be in contradiction.

JH: No, because it's not a question of choosing one or the other. It's a question of choosing a prime minister who has the capability to deliver both. And if you'd send to Brussels someone who can negotiate a deal that can get through parliament, then you won't have a no deal situation and then you reduce those risks. But I'm also very clear that we are going to leave the European Union come what may and I will deliver that. But if that happens I will do it in a way that protects the Union because it's absolutely vital we do.

AM: If that happens, we're talking again about a no deal, there was quite a moment in one of the hustings where you were talking about going to a company in Kidderminster with 350 employees, doing very, very well in European markets and you talked about the devastating effect that 10% tariffs would have on that company. Now if you go through no deal every person in that company will lose their jobs. You were, as you famous said again and again and again an entrepreneur. You've built up a business. Lots and lots of people who have built up their businesses around the country, including the guy behind that business, will lose their companies if you take us through no deal. Are you really prepared to do that? Are you prepared to look those people in the eye and say, you've got to lose your job because I'm going for no deal?

JH: I would do so –

AM: Really?

JH: - but I would do it with a heavy heart because, precisely because of the risks. But you know if you choose someone who has got a better chance of negotiating a deal then you're not going to have to face that decision.

AM: How would you feel if your company was in that position? If you'd built up your company and a politician came along and said, I'm sorry, I'm going to destroy your company because I've got an ideological reason why I have to do that?

JH: Well what I would say to the people in that company -

AM: You'd be furious.

JH: What I would say to the people in that company is that you know I go around the world as Foreign Secretary and I find that people have a whole lot more respect for us than we sometimes have for ourselves and the heart of that respect is that we are one of the oldest and greatest democracies in the world. And we are a country where politician do what the people tell them to do. So if in order to do what the people tell us to do we have to leave without a deal, I would do that, but I would find support for those companies to help them weather the storms. As a businessman I know that's not going to be easy, but I will be there for them. But in the end if we don't do what the people tell us to do we're not a democracy and I don't think even those businesses would want me to ignore what people have told us to do.

AM: You told me last time we talked that Boris Johnson's deadline was a fake deadline. It wasn't a real deadline. Now you don't have a real deadline at the moment and I asked you ten times when your real deadline for us leaving the EU was and you weren't able to give me an answer. So can I ask you one more time, will you definitely get us out of the EU this year?

JH: Well I think this is a fake debate actually, Andrew.

AM: Well it's not, we want to know.

JH: Well let me explain why, because you know the difference between me and Boris is not as big as people are saying. If we got to the end of October and we've got a deal and we're trying to get it through parliament but we need a few more parliamentary days, I'm not going to rip up that deal, Boris is. But let me finish. At the beginning of October if there is no prospect of a deal that can get through parliament then I will leave at the end of October, because that is our democratic promise to the British people.

AM: One more time. 'Cause Michael Gove answered these kind of questions. He said well a few days, a few weeks and I said by the

end of November, by the end of this year? And he said, definitely by the end of this year, sure. Can you say the same?

JH: I believe we'll leave sooner with me than with Boris or anyone else because I am the person most likely to negotiate a deal, and that is the quickest way to leave. But you know, what you're saying is something that is a dilemma. Look, parliament is trying to stop a no deal Brexit. They succeeded before, they may succeed again. That is an issue that will face any prime minister whatever they've said about the 31s of October. The quickest way to leave the EU is to choose a prime minister who can actually get us a deal that can get through parliament. And if you want a deal done ask a business person.

Ends