

RACHEL REEVES

ANDREW MARR SHOW

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AM: My first guest this morning is the Shadow Chancellor Rachel Reeves. Rachel Reeves, we read this morning that the government is closer to bringing in Plan B than we perhaps thought. Does Labour think it's time to bring in so-called Plan B?

RR: Labour, as a responsible opposition, have always said that we would follow the science. And we've seen today that SAGE are saying that some aspects of Plan B, like wearing masks on public transport and in shops and also working from home more flexibly should be introduced. I think the first thing is the government have got to do more to make Plan A work.

AM: I'm slightly confused, is that a yes or a no?

RR: We think that we should follow the science. If the scientists are saying work from home and masks we should do that. So get A working better because the vaccination programme has been stalling. Introduce those parts of Plan B, but there are also things not in A or B that need to be done, like paying statutory sick pay from day one.

AM: I'll come onto those.

RR: And also better ventilation in public spaces.

RR: I'll come onto them. I just wanted to put to you something that the Chief Scientific Adviser - you say follow the science - Patrick Valence said. It's very, very interesting. He says, 'you have to go earlier than you think you want to, and you have to go harder than you think you want to.' Isn't he right and isn't it time therefore to just say Plan B, its time has come?

RR: I agree with Patrick Valence, and the government's dither and delay has risked storing up problems for the future.

AM: So you agree with bringing in Plan B now?

RR: Well, we've always said that we should have masks in public places. So I think that we should introduce those things that the

scientists say. But we shouldn't take our eye off the importance of Plan A, and I do worry that it's sort of like Plan A or Plan B. We've got to have Plan A work. We mustn't let the government off the hook there. There are millions of people who are eligible for the booster vaccine haven't even had a letter inviting them to an appointment yet. So that wall that was supposed to be our protection, the vaccine, is in some places beginning to crumble. Plan B and those measures like mask wearing which we should be doing, and then also things like statutory sick pay and ventilation especially into the winter months when more people will be inside, those are crucial as well. And as Patrick Valence says if we don't do these things the risk is that the virus gets out of control again and that we have to introduce even more stringent measures, which frankly nobody wants, it would be a disaster.

AM: I'm conscious that we're slipping into a bit of jargon here, Plan B and Plan A and all of that.

RR: I don't care what you call it, I just want to have something that works.

AM: Let's remind people what it is. Plan B involves wearing masks, which Labour's in favour of.

RR: Yes.

AM: On public transport and elsewhere. Vaccine passports you used at your conference.

RR: Yes.

AM: And home working, which you're in favour of. So Plan B means three things that the Labour Party's already in favour of.

RR: Yes, and we're relaxed about that. We think the government should do it, but we don't want to let the government off the hook in terms of Plan A, and there are things in neither plan, like statutory sick pay and better ventilation, that are also needed. So call it whatever you like but we need to do more to get on top of this virus, protect our National Health Service and stop more stringent measures having to be introduced further down the line.

AM: For the sake of clarity, I'll call it Plan B, but can I just try one more time, you think Plan B should be introduced now?

RR: Yes, but let's not let the government off the hook with Plan A either, Andrew.

AM: Okay, let's turn to another big, big subject for a lot of people watching this programme, which is the cost of energy bills. Now, you want to take VAT off those bills, at least for the next six months. Why?

RR: People are facing a tough winter now, with prices of everything going up, not least gas and electricity bills. When we pay our gas and electricity bills five per cent of that money goes automatically to the taxman. There's something very simple the government could do. It would be immediate and it'd be felt automatically on people's bills next month, and that is to cut that rate of VAT from five per cent to zero per cent. And I've been looking at VAT receipts these last few months and VAT receipts have come in higher than forecast, not least because prices are rising so much more than forecast. VAT receipts have come in more than two billion pounds above forecast; let's use that money to ease that pressure on people who are worried about the winter months, about putting food on the table and heating their homes. This would cost a billion pounds to do it for six months and it would make a real difference to families and pensioners right now.

AM: The only problem with this proposal, I suppose, is that it doesn't really target the poorest families very effectively. Paul Johnson of the IFS says the policy 'would be worth more in cash terms to rich households than poor households. Rick people in big houses use more gas than poor people in poor houses.' And that's obviously right. So it's going to cost a billion pounds, but maybe it would be better to follow the government's sort of broad targeted half-billion pound help for poorer families.

RR: Well, the good thing about a cut in VAT is that it is immediate and automatic. You don't have to apply for it. There are no long lags between applying for the money and getting the support. And also everybody is struggling with rising gas and electricity prices, but poorer families spend a higher proportion of their income on gas and electricity bills. So actually I think it made a bigger impact to them. But this isn't the only thing that Labour are calling for. We've said that we wouldn't have cut universal credit just a few - I mean, it is appalling that the government are taking money away from some of our poorest families right now, when the prices of everything, but especially essentials, is going up. So universal credit should not have been cut and this VAT reduction -

AM: Sorry, returning to your VAT cut, you've said that above all you want to be known as a green Chancellor, and yet you're encouraging people to use more gas.

RR: This isn't going to encourage people to use more gas and electricity. What this is going to do is ensure that people can afford to heat their homes and keep them and their families warm this winter. But I believe that the only responsible Chancellor at the moment is a green Chancellor, to stop the costs building up for future generations to pay. The moral imperative of tackling the climate emergency and the opportunity to create those high-skill, high-productivity jobs in this country. You know, the government's saying we can improve productivity by getting shortages on the shelves. No. I say we improve our productivity by investing in the skills and the jobs of the future, and that more than anything means investing in carbon capture and storage and hydrogen, in gigafactories to build the electric vehicles of the future. That's the way to boost our skills and our productivity.

AM: How much would it cost this country's economy upfront to get to net zero?

RR: Well, at the moment the government's plans that they've put forward this week do not meet our net zero ambitions. So despite

what the government have said this week, with all the warm words, we are still off target.

AM: The answer appears to be 1.4 trillion pounds.

RR: Well, I've set out Labour's climate investment pledge, which is £28 billion a year of government spending through the course of this decade. And that's for three reasons. First of all the moral imperative of getting there, second the Office for Budget Responsibility say that unless you make this investment the costs mount up, and if you delay action by a decade the costs of getting to net zero actually double and our economy will be hit by that and government spending higher.

AM: I'd like to stick on the costs now, because 1.4 trillion is 1.4 million million, so it's a huge, huge sum. A lot of people will be asking why should we as a country spend that kind of money, borrow that kind of money and spent it, when countries like Russia and China aren't doing what they need to do. You know, the global warming targets will be missed because of other countries, and yet here we are going first and doing it for ourselves.

RR: But we're not going first and doing it for ourselves, because our own plans don't get us to net zero by 2050. It's another case of government, with the grand rhetoric, saying we're going to get to net zero by 2050; everybody agrees that that's what we should be doing, but the plans, the concrete plans from this government, don't match the reality. And we are Chair of COP 26 and we haven't shown the global leadership needed to get to net zero as a global community. But there are big opportunities by being - no, let me just say there are big opportunities by being a first mover in this because we can ensure that the jobs of the future come to our shores and that we have opportunities to export those skills and services round the world. So that's why I say the only responsible Chancellor in these times is a green Chancellor, and that is what I would intend to be.

AM: Have you committed to not raising income tax?

RR: I think I've said to you before, Andrew, we've got no plans to raise income tax, that is not on our agenda. We think there are ways to tax -

AM: That is a commitment for the next election, given you're in opposition at the moment so your plans now don't matter very much. But the Labour Party, going into the election, will not be raising income tax. People wondering about what should I do, where should I put my support in the next few years will want to know the answer to that.

RR: Our concern is not about levels of income tax. We're happy with the levels of income tax.

AM: Give me a straight answer. So you're not going to raise income tax?

RR: We have no plans whatsoever, we're not even looking at income tax. What we are looking at is people who get their incomes not from going out to work and doing a hard day's work, but people who get their incomes from stocks and shares and dividends and who have a portfolio of buy-to-let properties, and the problem is this national insurance rise that the government are going ahead with next April asks nothing from people who get their income in those ways.

AM: So it should be more like a wealth tax?

RR: That's not a wealth tax. That is about taxing income from different sources at a more equal rate. So at the moment you pay a top rate of tax of 40 per cent, an additional rate of tax if you earn enough of 45 per cent, and yet if you get your income from stocks and shares and buy-to-let property portfolios you pay sometimes just half that rate of tax. That's why at conference I said that private equity managers should be taxed at income tax levels and not at capital gains levels. That would bring in hundreds of millions of pounds every year that we've said we would invest in our young people in our schools.

RACHEL REEVES

AM: Alright, Rachel Reeves, Shadow Chancellor, thanks very much for coming in and talking to us.

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