ANDREW MARR:
If it’s the job of an opposition spokesman to get under the skin of the Government, Ed Balls is an all time gold winning champion. He drives them nuts. It’s partly the relentless mockery about the lack of a recovery, but now one’s here, he’s promising a new long-term Labour plan. Ed Balls, welcome.

ED BALLS:
Thank you.

ANDREW MARR:
I think in the Sunday Mirror today, you’re talking about Labour’s long-term plan to rebuild the economy, and crucial to this seems to be a huge house building scheme. How many houses and when?

ED BALLS:
Well our goal is to get to at least 200,000 by the end of the decade. We’d like to do more. We’ve got the lowest level of house building at the moment since the 1920s. The problem is if you’re boosting help to buy demand and supply is really low, the danger is the price just goes up and many people will be locked out of the housing
market. We’ve got to build homes, get people back to work, and then make housing affordable for people again.

ANDREW MARR:
You sound like that great Tory house builder Harold Macmillan in his prime.

ED BALLS:
That would be a good comparison. I’d very happily have that.

ANDREW MARR:
This is going to mean you know new towns in effect. Do you know where they’re going to go yet?

ED BALLS:
What we’ve asked is Michael Lyons to do a review for us over the next year to look at what we need to do on planning and on finance, but we’re clear that we will have to have … Look every community will have to make a contribution. I want to protect valuable green belt and green field land. We don’t want to disrupt communities - so brown field first, use those sites. But the reality is we are going to have to have some vision - some new towns, some garden cities. We did it in the Forties and after the Second world War. We need to do that again. To be fair to David Cameron and Nick Clegg, a year ago they were saying the same, but it’s all gone quiet. I think it’s run into the sand with this government. It will take a Labour government to build the homes we need for our people and also get the jobs.

ANDREW MARR:
Now of course the Conservatives say again and again that you have not got the money to do all the things you want to do, that you’re going to have to raise taxes and so on. So can we look a little bit further ahead? Would, you like George Osborne, want to run a surplus when the economy carries on improving, if the economy carries on improving?

ED BALLS:
I’ve said that we will set out how we will get the national debt falling and get the
budget back into balance. Into surplus would be the right thing to do. When we can do that depends upon the economy, of course.

**ANDREW MARR:**

It does, of course.

**ED BALLS:**

George was saying he would do that in 2015. He’s now had to delay that back to 2020. So I can’t say to you when we can do that yet. What we have done though is we’ve said in 15/16 we’ll match their current spending plans, no more borrowing for current spending under Labour. There’ll be spending cuts, there’ll be tough decisions.

**ANDREW MARR:**

So okay, do you have an ambition in the next Parliament, therefore, to get the public finances into surplus?

**ED BALLS:**

We will set out clear fiscal rules in our manifesto which will mean getting the public finances back into surplus …

**ANDREW MARR:**

But, comma …

**ED BALLS:**

… and the national debt falling.

**ANDREW MARR:**

But - dot, dot, dot …

**ED BALLS:**

Well …

**ANDREW MARR:**

So in the next Parliament you would like to get into surplus?
ED BALLS:
Well it all depends upon what happens to growth in the economy, of course.

ANDREW MARR:
Right.

ED BALLS:
If you don’t have growth - as we’ve seen for the last three years - the national debt goes up.

ANDREW MARR:
(over) Okay, but assuming we do have growth during the next Parliament - surplus would be your ambition, would it?

ED BALLS:
Yes.

ANDREW MARR:
Right.

ED BALLS:
Tempting as it is though, I’m not going to say to you today - …

ANDREW MARR:
Exactly when or how.

ED BALLS:
… before we know where we’re going to be - at what point we can do that, but we want the budget back into balance and we want the national debt falling. And I have said to the Office of Budget Responsibility, I want them to audit independently every Labour spending proposal. It’s going to be tough under the next Labour government. We’re going to have to finish the job that George Osborne’s not managed to do.
ANDREW MARR:
Well you’ve already said that in the first year of a Labour government, you will stick to Conservative spending plans. Is what you’re saying suggesting that you’re going to have to go beyond that first year doing the same kind of thing, just as Gordon Brown said ahead of that election?

ED BALLS:
Well the Government so far has only set out plans for 15/16 for individual departments. We’ve said we’ll match them on current spending, we’ll do things differently. So, for example, we would take away the winter allowance and the richest pensioners, as you were discussing in the paper review, for the following years. Look, our families are paying …

ANDREW MARR:
But this …

ED BALLS:
… households are paying more tax and are struggling, living standards are falling, but at the same time we’re facing now a winter crisis in the National Health Service. We can’t have a strong economy unless we have the infrastructure, the education system. So how do you get the budget balance down, how do you …

ANDREW MARR:
That’s really what I’m asking.

ED BALLS:
Exactly. … how do you keep taxes low and invest only by having a strong economy built to last, which we haven’t got at the moment? That’s why the debate about what we do to make …

ANDREW MARR:
(over) But how do you get there? How do you raise the money to get there, in your view? I mean that’s the big question. You’re going to have to borrow more and yet you can’t borrow much more given the state of the public finances. You’re going to inherit a huge, huge debt and massive, massive private debt as well. How worried are
you about that? I just want to ask a bit about the private debt before we get back to …

ED BALLS:
But isn’t the other way round in this Parliament, we’ve seen if you don’t have growth - if you have, as we were discussing, three years of flat lining - the national debt goes up …

ANDREW MARR:
(over) What’s the gesture, by the way? You can’t do that any more, can you? What is the new gesture?

ED BALLS:
(over) Well, look, I have to say …

ANDREW MARR:
(over) If it’s one that can be demonstrated on Sunday morning television.

ED BALLS:
(laughs) I have to say if I had known that flatlining would last three years, I might have thought twice about doing the gesture in the first place. Three years where we’ve had under-performance on growth …

ANDREW MARR:
(over) But now …

ED BALLS:
(over) … the deficit’s not come down.

ANDREW MARR:
(over) … but now we’re doing better than any other major economy anywhere in the world. That is a cause for fantastic celebration, isn’t it?

ED BALLS:
Of course - it’s good that finally we’re seeing some growth, but from a very, very
low base. The reality is though for families in our country it’s not a recovery because people’s living standards are falling …

ANDREW MARR:
Sure.

ED BALLS:
… month by month. If George boasts about a recovery - which may be there for people in the City, but for most people is not there at all - I fear that will make him look even more out of touch.

ANDREW MARR:
But, nonetheless, we are doing much better than, for instance, France, which was pursuing under President Hollande policies much closer to the ones you want to pursue.

ED BALLS:
Hang on a sec, Andrew. France is in the single currency, the euro, which rightly back in 2001 we decided not to join - a very, very good decision.

ANDREW MARR:
(over) A very good decision, you said.

ED BALLS:
America and Germany though - Germany in the euro, America not - are both well above where they were in 2007. They’ve actually caught up.

ANDREW MARR:
(over) Yeah. But we’re doing better than them at the moment.

ED BALLS:
But we are still 2.5 per cent below …

ANDREW MARR:
Okay.

**ED BALLS:**
… our pre-crisis peak. We’ve got so much to catch up …

**ANDREW MARR:**
*(over)* I need to go onto …

**ED BALLS:**
… and it’s got to translate to working people.

**ANDREW MARR:**
I need to take you onto green taxes, which is the big story of the day.

**ED BALLS:**
Of course.

**ANDREW MARR:**
When you see this proposal, do you like it?

**ED BALLS:**
Well, look, we’ll wait and see. It’s in The Sun. Let’s wait and see what George actually announces on Thursday. There’s two elements here. They’re saying delay a thing called eco, which is about insulation.

**ANDREW MARR:**
Yes.

**ED BALLS:**
That might be okay. We’ve worried about the value for money. On the other aspect of this, what they’re doing is shifting from energy bills onto the taxpayer. That’s not a cut; that’s just a shifting of the burden. Fundamentally though what’s happening - energy prices are going up this winter by £120/£130. A £50 cut when they’re going up
by twice that means people are still paying more in energy. I set two tests for George. One: will he stop bills rising? Secondly, will the energy companies pay? If David Cameron and Nick Clegg are right, he fails both tests. I would say to George while the Prime Minister’s in China, get back to the drawing board, come up with a policy. We’ve had lots of u-turns already. Do another one, freeze the bills, take Ed Miliband’s policy. That would be wise.

ANDREW MARR:
Well what they would say of course is the trouble with freezing the bills is the energy companies simply whack up the bills before the freeze comes in. Then you freeze them at the higher level. And then when the freeze ends, they whack them back up again and, therefore, people will end up paying much more than they would be paying, not less.

ED BALLS:
But they’re the …

ANDREW MARR:
You know you can’t freeze these bills forever. You can’t …

ED BALLS:
… they’re the Government. I think they should get a grip. Why do David Cameron and George Osborne run scared …

ANDREW MARR:
(over) But what about that point?

ED BALLS:
… in the face of energy companies who have been putting up bills month by month, year by year? Look if …

ANDREW MARR:
Just ans… Sorry, just answer this point. What is to stop the energy companies raising
their prices ahead of a freeze; and then the minute the freeze is over, jacking them up considerably again?

ED BALLS:
If the energy companies came together as a cartel to push up prices to try and pre-empt a government action, that would be a total abuse of market power and any sensible regulator would step in and stop it happening. I don’t think they’re going to do that, although they are putting their bills up now. We’re saying let’s reform this market, a proper regulator, decent competition, transparency, break distribution from production. That will take us twenty months. In the meantime we’ll freeze the bills. Why doesn’t George Osborne and David Cameron do the right thing - make the energy companies pay back some of their excess profits, freeze the bills? A £50 cut will still mean people are paying bigger energy bills this winter. That’s not right.

ANDREW MARR:
Partly because they think this will scare off investment in energy for a long period of time and the lights will eventually go out.

ED BALLS:
Yes and investment in the last three years has fallen from 7 billion to half that. And the reason why we’re not getting the energy is because people - the investment - is because people don’t know what is George Osborne’s policy on green energy, renewables …

ANDREW MARR:
Well we’ll hear, we’ll hear more shortly, but …

ED BALLS:
I think we need long-term investment and a fair deal for consumers.

ANDREW MARR:
Christmas is coming. Yes or no - can you welcome this move to bring down energy prices?
ED BALLS:
Look anything they do is better than nothing. Shifting though from bills to taxes is taking with one hand to give with the other.

ANDREW MARR:
Alright.

ED BALLS:
People will still pay more bills. Is there a price freeze? No. Are the energy companies paying? No. Is George Osborne failing the test? He’s got four days to go, Andrew. Maybe he’ll sort it out.

ANDREW MARR:
Ed Balls, I can see why you irritate them. Thank you very much indeed for joining us.

ED BALLS:
Pleasure, it’s my job.

INTERVIEW ENDS