ANDREW MARR:  
Now from all sides, George Osborne is being told he needs a plan for growth. Since the government came to office, the economy has in effect flatlined. For the past nine months, it’s been shrinking, and this is of course its second bout of recession. Yet public spending, as The Sunday Times points out this morning, is soaring. “Any serious government,” it says, “would now reaffirm its determination to get the economy under control.” The Chancellor of the Exchequer joins me now. These are grim times, are they not?

GEORGE OSBORNE:  
Well they’re difficult times for the British economy, difficult times for the world economy, but our economy is healing. Jobs are being created. It is taking time, but there is no easy route to a magical recovery. We’ve got to do the hard work of paying off our debts, becoming a more competitive country, making sure that in the 21st century actually Britain has its place in the world.

ANDREW MARR:
Borrowing is rising. You haven’t been able to cut current expenditure in a substantial way. We’ve had three successive quarters of negative growth. Zero per cent is what we’re told this year. It isn’t working.

GEORGE OSBORNE:
Well I would disagree with almost all of that. First of all …

ANDREW MARR:
(over) Well it’s statistically unexceptional.

GEORGE OSBORNE:
(over) Well, first of all, you know the deficit is down by 25 per cent since this government to office.

ANDREW MARR:
And how much have you been able to cut current spending by?

GEORGE OSBORNE:
Well I tell you what we have done with current spending.

ANDREW MARR:
Six per cent.

GEORGE OSBORNE:
We have cut welfare spending …

ANDREW MARR:
Yeah.

GEORGE OSBORNE:
… by eighteen billion pounds, but debt interest (because of the debts we inherited) is making up a larger and larger proportion of current spending …

ANDREW MARR:
So you’re falling back?
GEORGE OSBORNE:
Well I want to of course make sure we are not paying so much in debt interest to the creditors around the world.

ANDREW MARR:
(over) Right.

GEORGE OSBORNE:
We are getting on top of the deficit. Private sector jobs are being created. But if you are telling me yes, there are a lot of economic challenges out there, I know that. And if you look around the world, every Western government is basically facing the same choice, which is do you sink or swim in the economy of the future? And I’m absolutely clear - as you saw with the Olympic Games - that Britain can compete and succeed, that Britain can be its best if we confront those difficult obstacles …

ANDREW MARR:
(over) Well many people would say …

GEORGE OSBORNE:
(over) … that we’ve actually sometimes in our country not been prepared to confront.

ANDREW MARR:
People like the British Chambers of Commerce, representing a hundred thousand of the businesses we all depend upon for prosperity, say you have to do a lot more and you have to do it a lot faster.

GEORGE OSBORNE:
Well I actually would agree with that: we have to do more and we have to do it faster. And in the next couple of weeks, you will see us introduce into parliament legislation to speed up planning decisions, to speed up the processes that mean we can actually build roads more quickly than it takes to fight a world war; that means we can guarantee infrastructure projects - we’ll have a specific piece of legislation published next week, so that government can use the low interest rates we’ve earned by being
tough on the deficit to help underwrite construction projects, including housing. So we are doing all these things to use the good name the government has built up internationally, the low interest rates we’ve got to fund our banks - do all these things …

**ANDREW MARR:**
*(over)* Well let’s … Okay.

**GEORGE OSBORNE:**
… to get the economy moving - to make sure that the jobs we’re already creating in this economy continue to be created.

**ANDREW MARR:**
Well let’s pick through some of those. Changes to the planning laws, for instance - will that involve making it easier to build on the greenbelt?

**GEORGE OSBORNE:**
Well, first of all, we already have in place important changes to the planning laws, which are bringing about important development around our country. I was in the North East of England earlier this week and saw that for myself.

**ANDREW MARR:**
Yuh.

**GEORGE OSBORNE:**
I think we can speed up planning. It is absolutely …

**ANDREW MARR:**
*(over)* Including in the greenbelt?

**GEORGE OSBORNE:**
Well I’ll come onto the greenbelt. It is absolutely ludicrous that it takes years to get planning decisions in this country. You can get much faster decisions on the continent of Europe, let alone in places like China. This country in the current economic
environment cannot afford to wait years for development. When it comes to the greenbelt, look we have published our national planning policy framework earlier this year.

**ANDREW MARR:**
Back in March, yes.

**GEORGE OSBORNE:**
We are not proposing to tear that up. But if you look at, for example, around Cambridge - one of our great success stories as a city and with the university there - they’ve been pretty smart about swapping some bits of the greenbelt for other bits; in other words allowing development on some parts of the greenbelt if you bring new pieces of land into the greenbelt. Those powers already exist, but they’re not widely used. I’d like to see more of that.

**ANDREW MARR:**
*(over)* It doesn’t sou… It doesn’t sound like a big bang, Chancellor …

**GEORGE OSBORNE:**
Well …

**ANDREW MARR:**
… in terms of planning changes.

**GEORGE OSBORNE:**
Look, we are already making substantial changes to planning that make it easier to have sustainable development.

**ANDREW MARR:**
But my point is at the moment it’s not working. You know we’re not getting the growth that we’re looking for.

**GEORGE OSBORNE:**
Well I would say you know jobs are being created - nine hundred thousand jobs in the private sector - but Britain’s economic problems are deep-rooted, built up over many years, we have a very unbalanced economy. It is healing, but there is not some easy road. Believe you me …

**ANDREW MARR:**
(over) Well if there was, I’m sure you’d take it. But …

**GEORGE OSBORNE:**
(over) … you know if there was a quick-fix or an easy road, then I would be the first on it. There isn’t. It is a hard road to recovery, but there is no alternative easy road.

**ANDREW MARR:**
What about your critics on the Conservative Right who say you really need to cut back taxes, you need to slash regulation, you need to make it much easier for people to hire and fire as well as to build?

**GEORGE OSBORNE:**
Well I’d say I want to make it easier to build, I want to make it easier to hire people. I want to do all those things. Look forward to …

**ANDREW MARR:**
(over) And can you?

**GEORGE OSBORNE:**
(over) … and I look forward to the support of Conservative MPs in doing all those things.

**ANDREW MARR:**
Yes. And the support of Liberal Democrat MPs as well?

**GEORGE OSBORNE:**
And indeed the support of the Liberal Democrats. We are a coalition. But one of the things this country actually also has is political stability, a strong government with a
big majority in parliament that is able to do these things precisely because we have a coalition.

ANDREW MARR:
We’ve got a government. Whether it’s a strong government is the question that people ask because people would say there’s as it were a Conservative answer to the problem, which is slash regulation, cut taxes, get growth that way, but you can’t really do that because the Liberal Democrats won’t let you; and there’s a sort of more Left Wing version, which is spend a lot more money, and you can’t do that because you don’t want to. And, therefore, it’s a little bit of this and it’s a little bit of that, and you can’t make the big, radical changes that perhaps you’d like to.

GEORGE OSBORNE:
Well I would say even though we’re a coalition government, the first you know in a generation at least in Britain, we’ve actually taken some very big radical decisions to reform education, reform welfare, cut business tax, make this a more attractive country for wealth creators. You know we are doing some very difficult things on top of dealing with the deficit. But, look, you know of course I read all these people coming up with different proposals of what we should do. Quite often they’re mutually contradictory. I would say you know get behind the government to all … I’d say this to all the critics on the Labour side and indeed even in the coalition. I would say get behind the government in making it easier to develop things, to get things built, to support infrastructure development. That is deregulation. That is all about speeding up the creation of jobs in our country.

ANDREW MARR:
Let me ask you about a specific thing, which is in all the papers - it’s been talked about a lot over the last few weeks - which is either a third runway at Heathrow or, if not that, speedy plans to build a new major airport for the South East. Where do you stand on this?

GEORGE OSBORNE:
Well, first of all, I’m firmly in the camp of we need more airport capacity in the South East of England.
ANDREW MARR:
Right.

GEORGE OSBORNE:
We need more runway capacity in the South East of England. Okay, then there’s a question of where it should go - Heathrow, new Estuary airport, Stansted, Gatwick? People have lots of different options. What I would say is let’s examine all the options; let’s do it you know now. Let’s make sure we can try and create a political consensus around …

ANDREW MARR:
(over) Can we not have another commission for another few years to work out what the best answer is?

GEORGE OSBORNE:
Well we do need to deal with the fact that there is opposition you know across communities to particular airport developments. That’s perfectly understandable. I represent a constituency with Manchester Airport partly in it. I understand all about the local pressures. But you’ve got to as a nation be able to overcome those and make a sensible decision about where that extra runway capacity in the South East should be.

ANDREW MARR:
It sounds like we’re going to get no kind of decision before the election.

GEORGE OSBORNE:
Well what we’re going to get actually is a decision that we need new runway capacity and then we’re going to seek to achieve a political agreement across the political parties on where that should be.

ANDREW MARR:
What about new roads? What about new railways? Are you going to be able to speed those up?
GEORGE OSBORNE:
Yeah, well I would like to see the speeding up of the delivery of those things, absolutely. Look, I think it is of course …

ANDREW MARR:
(over) So you’re prepared to open the coffers …

GEORGE OSBORNE:
(over) Well I …

ANDREW MARR:
(over) … to get infrastructure spending now?

GEORGE OSBORNE:
Look, I’m prepared to first of all underwrite big infrastructure projects. That is something no chancellor has done before me. That is …

ANDREW MARR:
(over) Well and in the past, under your chancellorship, infrastructure spending has been cut.

GEORGE OSBORNE:
No, infrastructure spending compared to the plans we inherited from the Labour Party is actually higher, right? But, what I would say is I am as frustrated as anyone that it takes so long to get a road built in this country, so long to do the rail improvements we want to see. We’ve tried to make that easier with changes to planning.

ANDREW MARR:
(over) So how are you going to cut the knot?

GEORGE OSBORNE:
Well, well, you will see in the next couple of weeks legislation to speed up the process of development. Of course to allow for legitimate objection, but legitimate
objection can be heard and, you know, acknowledged and adjudicated on in less than a couple of years. You know we don’t need to take so long. And you know what I think we’ve found …

ANDREW MARR:
(over) You’re going to speed up planning. What about …

GEORGE OSBORNE:
(over) What we found … Look, you know, if building a new runway was simple, it would have been done over the last twenty years. It hasn’t.

ANDREW MARR:
Sure.

GEORGE OSBORNE:
If building a new nuclear power station had been simple, we would have seen one open in the last twenty years. We haven’t.

ANDREW MARR:
(over) But you have to find ways, you’re saying, of doing this more quickly …

GEORGE OSBORNE:
(over) We’ve got …

ANDREW MARR:
(over) … and you’re going to radically simplify the planning system?

GEORGE OSBORNE:
Look, I think we have to up the tempo of development and activity in this country. And I think, look, all of us as a nation have to come to terms with a very simple fact. Not only have we had a difficult five years as an economy, but actually this country faces a big question about its future in the world; and whether it’s about our school system, our welfare system or about the kind of infrastructure we have, have we got the appetite as a country to make the changes necessary, to provide the jobs not just
today but for our children and grandchildren; are we actually prepared to make sure Britain can earn its way in the world over the next twenty, fifty years?

ANDREW MARR:
When I talk to people with companies, particularly smaller companies, they still say they can’t get the money from banks and they’re quite attracted to the notion of some kind of government backed bank to get more money into business more quickly …

GEORGE OSBORNE:
Well the weakness in our ba…

ANDREW MARR:
(over) Are you going to do anything about that?

GEORGE OSBORNE:
Well, first of all, I’d say the weakness in our banking system is one of the biggest problems we’ve got. We’ve just announced in the last month a big funding for lending scheme spending billions of pounds through the Bank of England to help reduce the cost of lending, so that businesses can borrow more. But I think we do need to actively consider now and actively work on, as we are in the treasury, a small business bank sponsored by the government that can bring together first of all the alphabet soup of existing schemes, but also potentially have additional powers because it is true that small businesses are, if you like, the innocent victims of the credit crunch.

ANDREW MARR:
Yeah, absolutely, absolutely. Now see listening to you, it sounds like there is a new sense of energy, there is a new sense of we must do this, we must do that, we’re going to bring forward legislation very quickly. We’ve had a slightly silly argument, some people might say, about Plan A, Plan B, Plan C, Plan A+ and all the rest of it. Is it the case, looking at the depth of the trouble that the economy is in, that you have a renewed sense that you have to do more and you have to do it more quickly?

GEORGE OSBORNE:
Well this government means business, and we’ve come back this autumn from the
Olympics and the Paralympics absolutely determined to confront the problems that
the British economy has, to overcome the objections to growth that exist in our
country. Now, we have got that energy and we’ve got to take it …

ANDREW MARR:
(over) Have you come back from the summer determined to go faster and further?

GEORGE OSBORNE:
We are determined to do more, whether it’s in terms of economic development or
reforming education or reforming welfare, to make sure this country can earn its way
not just today but in the future. I would just say … (Marr tries to interject) I come
back to this point. Western countries are going to sink or swim over the next few
decades, and I’m absolutely determined that Britain is one of the great success stories
of the future.

ANDREW MARR:
Yeah. But the reason that you’re talking this way, presumably, is that what has
happened so far isn’t working. We can argue about, you know, the reasons for it, but
you look at the statistics and they could not be clearer.

GEORGE OSBORNE:
Well what I would say, Andrew, you could have any finance minister of virtually any
Western country in the world. Indeed you could even have the finance minister from
Asia …

ANDREW MARR:
(over) But we have you and we have to ask you the questions.

GEORGE OSBORNE:
(over) Yeah, no what I’m saying is you know we’re all confronting similar problems
of weak banking systems, big borrowing in the good years and so on. Look, I think
this government has earned confidence around the world by confronting those
problems. Of course I would like the recovery to be stronger - I’m the first person
who would like the recovery to be stronger - but we are overcoming enormous, deep-seated problems in our own economy; we’ve got a pretty difficult international backdrop against which to be doing it. But I would say, you know, people look at the UK over the last few months and they see not only have they got a strong government that’s commanding the confidence of the international debt markets. They also think you know we can put on things like the Olympic Games, so we can deliver (when we have the energy and the effort) big infrastructure of the kind you think these days only you know the Chinese or whatever can deliver. You know I think we have demonstrated this summer that we are a competent and strong nation. Let’s carry that spirit through into the autumn.

ANDREW MARR:
(over) Yes, well people may not apply it directly to the government. A lot of your own critics say if there is one person who ought to be a hundred and ten per cent focused on the economy, the economy the economy, it is you; and, therefore, it is wrong that you are also having this strategic role as a kind of election planner and adviser you know on the Conservative cause; and actually you should put that to one side and simply concentrate on the day job.

GEORGE OSBORNE:
Well, first of all, it is nonsense. I am a hundred and ten per cent, as you put it, focused on the economy. But …

ANDREW MARR:
So there’s not much left for strategic planning anyway. Let somebody else do it.

GEORGE OSBORNE:
Well, first of all, the government’s political strategy is pretty tightly bound up with its economic strategy as well.

ANDREW MARR:
Yeah.

GEORGE OSBORNE:
And, second, you know I think a lot of this stems from people not really prepared to accept that the Prime Minister and the Chancellor work incredibly closely and spend a lot of time talking to each other about these problems.

ANDREW MARR:
(over) So you will carry on both …

GEORGE OSBORNE:
(over) I know that is unusual. I know that is unusual, given our recent history in Britain. I know it’s unusual.

ANDREW MARR:
Okay.

GEORGE OSBORNE:
You were asking Chuka Umunna about Ed Balls and Ed Miliband. It’s unusual in the Labour Party.

ANDREW MARR:
Okay.

GEORGE OSBORNE:
But I tell you, in this government we spend a huge amount of time at the top of government working together on some of the biggest problems this country has faced in its modern history.

ANDREW MARR:
So in the coming reshuffle, you will carry on doing two jobs?

GEORGE OSBORNE:
Well, first of all, you need to get David Cameron in, onto your new set …

ANDREW MARR:
We’ll do our best, we’ll do our best. We’ll do our best, yes.

GEORGE OSBORNE:
(over) … if you want to talk about the reshuffle. But what I can tell you is that the top team is absolutely focused on the economic recovery …

ANDREW MARR:
(over) And won’t change?

GEORGE OSBORNE:
Well, as I say, you can ask David Cameron about the reshuffle, but I’m absolutely clear that the economic team in the government, which starts with the First Lord of the Treasury, is totally focused over the coming months on getting the economy moving.

ANDREW MARR:
And you’d like Vince Cable to stay doing his job as Business Secretary?

GEORGE OSBORNE:
Well, I …

ANDREW MARR:
Working so closely with you?

GEORGE OSBORNE:
Do you know, I actually work very closely with Vince Cable. This country did not elect a majority government. That is a fact of political life …

ANDREW MARR:
Yeah.

GEORGE OSBORNE:
… and I think in exceptionally difficult political circumstances, as well as economic ones, Vince Cable, Nick Clegg, myself, David Cameron and others have put together
a stable government that is there for the five years, and of course we are all focused on that economic recovery.

ANDREW MARR:
You mention Nick Clegg there. When you hear Nick Clegg saying this is a time for the rich people in this country as a, you know, part-time measure to pay quite a bit more in tax, to help everybody else out, do you just sort of snort and say this is pre-conference manoeuvring, it means nothing?

GEORGE OSBORNE:
Of course scenes of liberal history; we know they’ve been calling for wealth taxes for about a hundred years, so it’s not particularly surprising.

ANDREW MARR:
Yes. I know, but at this particular moment …

GEORGE OSBORNE:
(over) They continue to … Look, I would say we have asked the rich to pay more. You know I am the chancellor who has increased taxes on the rich. But, we’ve also got to be careful, going forward, that we do not drive away wealth creators from this country - the doers, the innovators, the people who create jobs. And we again, we’re in a fiercely competitive world. And I thought it was very reassuring last week that one of the world’s biggest companies, WPP, moved back to Britain, having moved away from Britain a few years ago.

ANDREW MARR:
You are, as you know, terribly unpopular as chancellor. You don’t seem to radiate self-doubt, but do you ever ask yourself am I the right person for this job? Or do you just feel completely confident that you are across this and you know what you’re doing?

GEORGE OSBORNE:
Look, personally I am absolutely focused on this and I feel a very heavy responsibility to get this job right, to do what I can and make sure the government does what it can
to get the economy going. You know if I was trying to win a popularity stakes, there are some easy things I could do. I could spend a lot more money. That might make me popular in the short-term. It’s not the right decision. And I think in a difficult economic environment, it’s not surprising that the chancellor is not the most popular member of the government. It would be somewhat surprising if he was.

ANDREW MARR:
The most unpopular indeed. Alright. George Osborne, thank you very much indeed for joining us this morning.

INTERVIEW ENDS