THE ANDREW MARR SHOW

INTERVIEW:

ED BALLS, MP
SHADOW CHANCELLOR

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ANDREW MARR:
And so to the economy. Ever since the election, Ed Balls as Shadow Chancellor has been criticising the coalition government for going too far too fast in its austerity programme, and his case is that Britain’s poor economic performance has actually been worsened by the scale of the cuts. The government, however, says that he has never taken enough responsibility for our huge national indebtedness and that Labour would just return to the old days of splurge. Ed Balls joins me now. Are you still a splurger?

ED BALLS:
No, of course not. I think everybody knows we’ve got to get the deficit down. But George Osborne said two years ago, he said, “Judge me on this one thing: will I get the deficit down?” and he’s failing because this year the borrowing is going up, not down. And he’ll come on in a moment and say to you it’s down by 25 per cent, but it’s rising again, Andrew, because we’ve been in recession, because the economic plan has failed. And I’m afraid if you’re in a hole …

ANDREW MARR:
Okay.

**ED BALLS:**
… you should stop digging. He’s still digging, making it much worse for families.

**ANDREW MARR:**
Right, okay. So far, so familiar, if I may say so. Nonetheless …

**ED BALLS:**
(*over*) Yeah, but I mean, Andrew, familiar …

**ANDREW MARR:**
(*over*) No, let me … let me ask my …

**ED BALLS:**
(*over*) … familiar and correct.

**ANDREW MARR:**
(*over*) … let me ask my question.

**ED BALLS:**
(*over*) And if the government had listened two years ago …

**ANDREW MARR:**
(*over*) Let me ask my question if you don’t mind.

**ED BALLS:**
Sure.

**ANDREW MARR:**
Which is that Labour has still not convinced the public, if you look at the opinion polls, that you have a proper alternative plan to get the deficit down without the scale of the cuts that this government is making. In other words, you haven’t really made the hard choices and you haven’t confronted the hard choices that any government is
going to have to make in 2015. That is a fair point. It’s pretty much a blank sheet on your side about where those cuts are going to happen.

ED BALLS:
Andrew, it was always going to be hard for us after 2010 to turn round public opinion and we’re moving step by step. But in the end it’s about judgement. And, as you said, two years ago I said to George Osborne his plan would not work and his judgement has been proved to be woefully lacking. The question …

ANDREW MARR:
(over) But that only really works for you if you have an alternative plan, doesn’t it?

ED BALLS:
Okay. I would love to be debating how now in the next three years and beyond we can turn this economy round. And here’s three things we should do. First of all kickstart the recovery, get jobs and growth moving, use the 4G mobile phone spectrum money to build a hundred thousand homes and create tens of thousands of jobs. Secondly, go ahead with a business investment bank and radical bank reform, which Osborne’s watering down and not doing on the business investment bank. And, thirdly, let’s do it in a fair way. The idea the Chancellor’s priority is to raise taxes for pensioners and to cut tax credits for working families but to cut the tax rate for millionaires, that is deeply unfair.

ANDREW MARR:
Well, well okay …

ED BALLS:
Three very different ways.

ANDREW MARR:
… let’s pick up on those.

ED BALLS:
I want to debate the future, a different Labour future.
ANDREW MARR:
Let me pick up on those. Lord Heseltine, Michael Heseltine was employed by this government …

ED BALLS:
Of course.

ANDREW MARR:
… to produce a plan for growth, and quite a lot of that seems to me quite close to some of the things that you’ve been talking about in terms of more money for the regions, more money pushed down, more house building and so on. We may well see in the coming Autumn Statement a bit of a sting on higher earners over their pensions, for instance. So there seems to a lot of people there are areas where actually you could get alongside and say yes, actually we agree with the government; we should have a national plan for growth, and it’s not all tit-for-tat or bish-bosh.

ED BALLS:
Well, Andrew, let’s discuss those two separate issues.

ANDREW MARR:
Yeah.

ED BALLS:
First of all, Lord Heseltine I think thinks the abolition of the Regional Development Agencies and the dismantling of all of that infrastructure was ridiculous. But the question that business is asking is where is the decisions on aviation, where’s High Speed 2, why aren’t we building any more roads, where is the energy policy? The growth plan is a shambles. There’s nothing there. Even the business investment bank is not happening.

ANDREW MARR:
It is very hard to fund that, isn’t it? I mean that is a really serious problem - how you raise the huge funds needed for big infrastructure spending to get the economy moving.
ED BALLS:
But if we are in a hole with no growth and borrowing rising, it’s harder to fund. That’s why you’ve got to have a jobs and growth plan. It’s why you’ve got to change course from the failing Osborne plan. The second issue which you raised is pensions. Let’s be clear about this. George Osborne came in and he reversed with £1.6 billion the pension tax changes before the last election to give it back to the richest people. Anything he does there is a reversal of his mistake. But Andrew …

ANDREW MARR:
(over) Well but there is pain coming for better off pensioners …

ED BALLS:
(over) No.

ANDREW MARR:
And that’s something presumably you welcome?

ED BALLS:
Andrew, there isn’t pain coming compared to the giveaway they’ve already had. But there is a millionaire’s tax cut, three billion pounds, over a hundred thousand pounds to eight thousand millionaires. If George Osborne’s serious …

ANDREW MARR:
(over) Okay let’s talk about the other end of the scale.

ED BALLS:
(over) I know you don’t want to talk about the millionaire’s tax …

ANDREW MARR:
(over) Let’s, let’s talk.

ED BALLS:
… but it is really important. Why should pensioners pay more? Why should fuel be
going up? Why should tax credits be cut? Why should people in housing benefit be thrown out of their homes? Why will millionaires get a tax cut on that scale?

**ANDREW MARR:**
Okay, so let’s talk about some of the pain because, apart from any changes in the tax system, widespread briefing that we’re going to get a freeze or a near freeze to in work benefits. Do you think that the welfare system can take, should take more of a squeeze at this point?

**ED BALLS:**
But, Andrew, how much has welfare spending gone up in this parliament?

**ANDREW MARR:**
No, that’s not the question.

**ED BALLS:**
Well it’s a very important question.

**ANDREW MARR:**
*(over)* Is that the answer?

**ED BALLS:**
I’ll tell you the answer.

**ANDREW MARR:**
*(over)* It’s not the question I’m asking you.

**ED BALLS:**
Well if you don’t know the answer, it’s twenty billion pounds more …

**ANDREW MARR:**
Let’s, let’s just …
ED BALLS:  
It’s costing us more. The work programme has failed.

ANDREW MARR:  
Yeah, let’s just …

ED BALLS:  
Long-term unemployment is going up.

ANDREW MARR:  
Okay.

ED BALLS:  
Unless you’ve got a jobs and growth plan, you don’t get the welfare bill down.

ANDREW MARR:  
Let’s go back to my question.

ED BALLS:  
Okay.

ANDREW MARR:  
Are you in favour of a squeeze on welfare?

ED BALLS:  
Of course!

ANDREW MARR:  
You are?

ED BALLS:  
Which is why I’m so frustrated …
ED BALLS:
… it’s up by twenty billion pounds.

ANDREW MARR:
So what sort of scale of freeze do you think is acceptable in the welfare system as it is at the moment?

ED BALLS:
Look I think the idea that you would be freezing unemployment benefits and cutting tax credits and child benefit for people in the middle while giving a tax cut for millionaires of three billion pounds is a question of choices and priorities.

ANDREW MARR:
But you’ve just said that you are in favour …

ED BALLS:
(over) I am.

ANDREW MARR:
… of squeezing the welfare benefit, so my question is where and how?

ED BALLS:
Get people back to work.

ANDREW MARR:
Yeah, but that’s not squeezing the welfare bill.

ED BALLS:
Of course it is.

ANDREW MARR:
That’s …
**ED BALLS:**
Of course it is, Andrew. Of course it is.

**ANDREW MARR:**
*(over)* You know that is an important effect on the welfare bill, but I’m asking you about the welfare bill itself and acting directly on it.

**ED BALLS:**
The welfare bill is up because inflation was up and long-term unemployment is up. And unless you get people back to work … The work programme’s failing and he’s cutting taxes at the top. And then he says, George Osborne, I’m going to hit people at the bottom. And you’re saying to me he’s in a deep hole, here’s a shovel, why don’t you dig too? I’m not going to dig our way to unfairness and economic failure. That is perverse.

**ANDREW MARR:**
But people don’t understand where you’re going to dig your way to or how you’re going to dig anywhere because you won’t give people the detail for the cuts that …

**ED BALLS:**
*(over)* Andrew, use the 4G mobile phone money to build a hundred thousand homes, repeat the bank bonus tax, get every young person back to work and say there’s no choice, you’ve got to go to work and here are the jobs. The work programme should be a work guarantee to get people into work.

**ANDREW MARR:**
*(over)* But you, you know the …

**ED BALLS:**
*(over)* It’s costing billions and billions more because Osborne’s plan is failing.

**ANDREW MARR:**
You know the trouble …
ED BALLS:

(over) You should ask him the difficult questions about this.

ANDREW MARR:

You know the trouble a lot of the banks are in and you know that just simply squeezing them more and more isn’t a long-term option.

ED BALLS:

Look, I know that the banks could afford a bank bonus tax. The country needs a youth jobs programme. Repeating the high youth unemployment of the 1980s is perverse. Look, I’m afraid there’s no growth, borrowing’s up. Ask George Osborne the difficult questions, Andrew. Ask him the difficult questions.

ANDREW MARR:

Well maybe he’ll be better at giving me some of the answers than you have given. But thank …

ED BALLS:

(over) I’ve given you many, many answers, just not the answers you always want.

ANDREW MARR:

Thank you very much.

INTERVIEW ENDS