ANDREW MARR: 
Alright, that is the case for the political prosecution. This week the Chancellor, George Osborne, will be paying as much attention, I suspect, to the markets, and they in turn are waiting to see whether he is still sticking by his promise to get debt falling by 2015. Rather harder now, with the likelihood of no overall growth this year and warnings of more austerity, including tax rises and spending cuts running on until 2018. Chancellor, welcome. How optimistic are you that you are going to be able to fulfil those big fiscal promises that you made in 2010?

GEORGE OSBORNE: 
Well the big fiscal promise I made was that we would make sure Britain pays its way in the world, that it was seen as a credible place to invest, and we are seen as a credible place to invest.

ANDREW MARR: 
With respect, the promise was that you would get the share of debt falling by 2015. Are you going to be able to do that?
GEORGE OSBORNE:
Well we had two targets: one was to get debt falling as a share of national income by 2015/16; and also to balance the current budget. Now there’s going to be an independent assessment of both those targets on Wednesday and I have created this independent body. It would be completely unfair and indeed self-defeating in having created this constitutional innovation for me to come on the television a few days earlier and give their … (Marr tries to interject) … give their verdict. You know so …

ANDREW MARR:
Which is why all I was asking is how optimistic, how cheerful are you feeling about this, how confident are you feeling about this?

GEORGE OSBORNE:
Well, look, I’ll make a general observation. It’s clearly taking longer to deal with Britain’s debts. It’s clearly taking longer to recover from the financial crisis than anyone would have hoped. But we’ve made real progress - the deficit is down by a quarter, there are a million more jobs in the private sector - and to turn back now, to go back to the borrowing and the debt and the spending that Ed Balls represents would be a complete disaster for our country.

ANDREW MARR:
Yet we’re going to have zero growth this year probably; and if you look at a league table of growth and performance in the OECD or the G20, we are pretty close to the bottom of the pile. That is not success by anybody’s standards.

GEORGE OSBORNE:
Well I don’t accept that actually. The Eurozone is in recession and that is one of our largest trading partners. In the US, they’ve got problems as well - problems with their deficit.

ANDREW MARR:
Yeah, but they’ve got growth …

**GEORGE OSBORNE:**
China, Brazil …

**ANDREW MARR:**
… they’ve got growth.

**GEORGE OSBORNE:**
… other countries are having problems. We in Britain have had growth. We’ve got …
The last, the latest you know GDP numbers showed growth. But if you’re telling me it’s a tough environment out there and I wish the British economy was growing more like the rest of the world economy was growing, well of course I would say yes to that …

**ANDREW MARR:**
I’m just saying …

**GEORGE OSBORNE:**
… but the question is how do you get there, how do you deliver that. And I think undermining the credibility of our deficit plan, going back on our commitment to deal with our debts would be a complete catastrophe for Britain and would put us …

**ANDREW MARR:**
Sure, okay.

**GEORGE OSBORNE:**
… into the place where some European countries are at the moment, and that is not a place Britain wants to be.

**ANDREW MARR:**
No, but you made clear political choices right at the beginning about how you were going to handle this and I’m just saying other countries like the United States made different choices, like many of the Northern European countries made different
choices, and they have done better than we have done.

GEORGE OSBORNE:
Well I completely agree with you that Germany has done better than we have done.

ANDREW MARR:
And America.

GEORGE OSBORNE:
But hold on, I’ll take each in turn. Germany has done better, but not because they haven’t been tough on their deficit. They’ve certainly been tough on their deficit. It’s just they spent the last decade actually connecting themselves to economies like China and India, making sure that their economy was balanced, not overly dependent on finance. They did lots of things like investing in education that we should have done. Now I am clearing up that mess. It can’t be done overnight. And when it comes to the United States actually the debate in the US is very similar about how to get on top of the deficit, how to do that in a measured way, and you know that’s precisely the debate we’re going to have in US politics over the next couple of weeks.

ANDREW MARR:
Let’s look at … try another way of looking at this, which is to say that the fundamental proposition when you came in was that if the state pulled back, the private sector would push in and create all the jobs. Now there have been some jobs created, many of them part-time jobs, but that hasn’t happened at anything like the scale that you hoped - partly because of the world economy and all the rest of it. Does that now not mean, therefore, that you have to spend much more time and effort looking at growth - the plan for growth that Lord Heseltine talked about, major infrastructure spending, bringing that forward in a way that hasn’t been done so far?

GEORGE OSBORNE:
Well, first of all, actually we have created jobs in this economy, more than was forecast by our independent forecaster. We’ve created over a million new jobs in the private sector. That has more than compensated for …
ANDREW MARR:

(over) Many of them quite … part-time jobs.

GEORGE OSBORNE:

Well actually the total number of hours has gone up as well, which shows it’s not just part-time work. That has more than compensated for the inevitable loss of jobs in a public sector the country could no longer afford. So actually employment is now at a record high in our country. Female employment is at a record high. So there’s been a very good story on jobs and it just comes back to the point …

ANDREW MARR:

(over) There’s been small parts of the economy which have done alright, but that big idea that you’d get growth this way, it hasn’t … I mean it clearly hasn’t worked. You look at the numbers. It hasn’t worked.

GEORGE OSBORNE:

(over) Andrew, Andrew in the last two years we’ve had the Eurozone crisis, we’ve had an oil price shock, we’ve got problems in some of the emerging markets. You know we don’t operate in a vacuum.

ANDREW MARR:

Sure. So my …

GEORGE OSBORNE:

Unless Britain is able to demonstrate that it’s got a credible plan to deal with its debts …

ANDREW MARR:

Yuh.

GEORGE OSBORNE:

… we would be in real trouble as a country. I completely agree we’ve also got to be a very competitive place that is winning that global race, that is the place that is going to create the jobs of the future, and everything I’m doing on trying to make our
business taxes competitive, on reforming our schools, reforming our welfare, reforming our planning laws - all of these things are designed to make sure that not only do we see growth but actually our children have the opportunities that we’ve had …

ANDREW MARR:
Okay.

GEORGE OSBORNE:
… to pursue fulfilling careers and …

ANDREW MARR:
Absolutely, but …

GEORGE OSBORNE:
… compete in the world and be part of businesses that are successful in the world. That global race …

ANDREW MARR:
Sure.

GEORGE OSBORNE:
… is another big challenge for Britain.

ANDREW MARR:
That is what you want to do, but my question to you is do you not need to have as it were a new, urgent plan for growth - bring forward infrastructure projects, find a way of funding them, bring forward more house building, find a way of funding that?

GEORGE OSBORNE:
Well I agree. First of all, we’ve got to build more homes. That means changing the planning laws, which we’re doing, and that’s happened; and at the same time underwriting the purchase and the construction of homes. We’re doing that. We’ve got to find more infrastructure - roads and rail and the like. We’re doing more of that
and again we’re using the government’s low interest rates to help construct those projects, that guarantee those projects. We’ve got to reform our schools. We are doing that. We’re transforming an education system which frankly at the moment does not equip enough children to succeed in the future. We’ve got to change our welfare system and Iain Duncan Smith is doing that.

ANDREW MARR:
Well let’s talk …

GEORGE OSBORNE:
There is a ma…

ANDREW MARR:
… okay let’s talk about some of that.

GEORGE OSBORNE:
You know if you’re telling me it’s a huge agenda …

ANDREW MARR:
Sure.

GEORGE OSBORNE:
… you know I’m more aware of that than anyone. But I think we are making progress and I do say …

ANDREW MARR:
I’m interested …

GEORGE OSBORNE:
… you know if we’re making this progress, to turn back now, to go back to the debt and the deficit and the problems of the past would be a catastrophe for this country.

ANDREW MARR:
I am just interested in how worried you are about our lack of growth in this economy
at the moment.

**GEORGE OSBORNE:**
Well of course I want to see more growth. I look around the world. I see you know in our largest trading partner, the Eurozone, countries in recession. I see that we’ve got to expand our trade with the places that are growing in the world like China and India, and actually I have more to say about how we can support exports, support British businesses …

**ANDREW MARR:**
Help small companies?

**GEORGE OSBORNE:**
Help small companies. There’ll be specific help for small companies. So we’ve got lots of things there to do. But underpinning it all …

**ANDREW MARR:**
Okay.

**GEORGE OSBORNE:**
… is a confidence in this country’s ability to pay its way in the world, and if we lost that confidence we would lose everything.

**ANDREW MARR:**
At the time of the party conference season, the Liberal Democrats said if there’s going to be any kind of further freezes to the welfare budget, the rich are going to have to pay more in compensation. You said pretty much the same sort of thing and you were giving similar sort of messages from the Conservative party conference. Have you struck the bargain that is going to require higher taxes or imposts of some kind on wealthy people and a freeze or something like a freeze for in work benefits in the welfare state?

**GEORGE OSBORNE:**
Well I wouldn’t characterise it as a bargain. It was myself as Shadow Chancellor who
said we’re all in this together. It was my plan if there was just a Conservative government to make sure that the richest paid more.

ANDREW MARR:
(over) So back to the question. Back to …

GEORGE OSBORNE:
(over) And actually the richest have paid more in every single one of my budgets. They pay more of a proportion of our tax revenues than they ever did under …

ANDREW MARR:
(over) Do you regret … Do you regret cutting income …

GEORGE OSBORNE:
(over) … under a Labour government.

ANDREW MARR:
Do you regret the income tax top rate?

GEORGE OSBORNE:
Look it’s completely …

ANDREW MARR:
Given what’s happened since.

GEORGE OSBORNE:
It is completely phoney as a country to think you’re taxing the rich with having a top tax rate that people don’t pay that the latest figures show cost us seven billion pounds in foregone tax revenues.

ANDREW MARR:
Okay if there’s a problem, if there’s a problem with income tax …

GEORGE OSBORNE:
You know I am actually … I’ve increased taxes on property, I’ve increased stamp
duty, I’ve restricted the reliefs you can pay, and I’m very clear, I’m very clear that …
I’m very clear going …

**ANDREW MARR:**

*(over)* So what about more of that, what about more of that?

**GEORGE OSBORNE:**

*(over)* Hold on. I’m very clear going forward, we’ve got to deal with this deficit. It is
going to take longer. That means more difficult decisions and it’s got to be done
fairly. That means yes the richest have to bear their fair share - and they will - and at
the same time …

**ANDREW MARR:**

*(over)* And that means more than they’re paying at the moment?

**GEORGE OSBORNE:**

That does mean more than they’re paying at the moment. But …

**ANDREW MARR:**

And can you give me some indication because the mansion tax business has been
kicked around. It now seems that mansion taxes are out.

**GEORGE OSBORNE:**

*(over)* There’s not going to be … there’s not going to be a mansion tax. We made that
clear.

**ANDREW MARR:**

So we’re talking about pensions?

**GEORGE OSBORNE:**

You will just have to wait and see, wait till Wednesday. But can I just say this as well.
There is another conception of fairness. There is the fairness for the individual who
goes out to work and their next door neighbour is living a life on benefits. And it is
also unfair for that individual, so we are also going to tackle welfare bills. And that is the Conservative approach to fairness: make the rich pay but also make sure you’re tackling the welfare system, which is deeply unfair to working people.

**ANDREW MARR:**
And are you go… Can I ask, are you going for an absolute freeze or do you accept that is too harsh?

**GEORGE OSBORNE:**
Well, look, we’ve already made £18 billion of savings from the welfare bill. You will have to wait and see what happens on Wednesday. But we’re determined to reform welfare not just to cut bills, but so that work always pays; that it’s always better off for someone to work that extra hour, to go out and get the job. And fundamentally that is about creating not just a fairer society but a more competitive society. Britain cannot compete in the global race if it is shackled with welfare bills that it simply cannot afford.

**ANDREW MARR:**
In all this talk of fairness, a lot of focus has now come on big, big multinational companies - Google, Amazon, Starbucks who are in the papers today - simply not paying their fair share. This is a huge issue surely for all governments, but particularly for this government?

**GEORGE OSBORNE:**
Yes.

**ANDREW MARR:**
Are you taking urgent steps to start to close some of those loopholes? You have to work with other countries, I know.

**GEORGE OSBORNE:**
Well I think you can do two things. One is you can enforce the taxes we’ve got - and I’m going to be announcing tomorrow extra investment in the part of the Inland Revenue that tackles tax avoidance by multi-national companies. Second, you can
make sure internationally we’ve got the right rules. And it’s actually Britain who’s been working with Germany and France to get those rules on the international table. It’ll be a big priority for the G7/G8 which we host next year. So we are doing those things. But let me just say we can’t tackle this by pricing Britain out of the world economy. If we make our taxes less competitive, that will just mean more companies stay out of Britain.

ANDREW MARR:
And yet …

GEORGE OSBORNE:
(over) We actually want … we want companies to come to Britain.

ANDREW MARR:
Sure.

GEORGE OSBORNE:
That means having a very competitive tax system, so they don’t feel they have to locate somewhere else.

ANDREW MARR:
But if you look at a Starbucks or an Amazon, they’re not paying their corporate taxes, and lots and lots of their small competitors - you know the small teashops, the small coffee shops - are paying their taxes. The small bookshops being driven out of business are paying their taxes while Amazon, who’s driving them out of business, isn’t. Understandably there’s growing fury about this.

GEORGE OSBORNE:
I completely understand people’s anger when they see companies - I’m not going to name specific companies -

ANDREW MARR:
Right.
GEORGE OSBORNE:
- but when they see companies apparently not paying their fair share of taxes. We’ve got to make sure they pay their fair share of taxes. But we’ve also got to make sure that the UK doesn’t do things …

ANDREW MARR:
Okay.

GEORGE OSBORNE:
… which just simply drives businesses out of the UK. We’ve got to have fair taxes properly enforced …

ANDREW MARR:
Right.

GEORGE OSBORNE:
… and an international system which we’re going to take the lead in changing, so you can’t artificially shift profits around, you can’t hide profits in low tax havens.

ANDREW MARR:
We started talking about the targets at the beginning of this conversation. It seems to almost everybody that you are going to miss them and what was going to be a five year plan is more like a seven or eight year plan at best.

GEORGE OSBORNE:
Well it is taking longer to deal with our debts, but we’re making progress. And to turn …

ANDREW MARR:
(over) Is there any gleam on the horizon at all?

GEORGE OSBORNE:
… and to turn back now would be a complete disaster. Some people say we should be borrowing more, like Ed Balls, but that would take us back to the problems that he
created in the first place; others say we should be cutting much faster. I don’t agree with them either. We should let the automatic stabilisers operate. The Governor of the Bank of England, the IMF, they’ve all clearly said we’ve got the right plan but we’ve got to stick to that plan.

**ANDREW MARR:**

Alright.

**GEORGE OSBORNE:**

That is what we’re going to do.

**ANDREW MARR:**

Chancellor, for now thank you very much indeed.

**INTERVIEW ENDS**