SOPHIE RAWORTH:
Now it has been a pivotal week for Labour when the party finally seemed to embrace the austerity programme with Ed Balls hammering home the message of iron discipline on public spending and Ed Miliband calling for a cap on a large portion of the welfare bill. Two years out from the General Election, there’s limited detail on the areas a future Labour Government would curb, although winter fuel payments for wealthier pensioners would be scrapped. So what else might follow and why has Labour been so resistant to the coalition’s welfare reforms? I’m joined now by the Shadow Work and Pension Secretary Liam Byrne. Good morning.

LIAM BYRNE:
Good morning.

SOPHIE RAWORTH:
You finally have, it seems, bought into this austerity agenda?

LIAM BYRNE:
Well I think what’s very clear is we can’t go on like this. We’ve got workless-ness now at the highest level for sixteen years; we’ve got food banks opening every three days; and I think what people want to hear now from Labour is well, look, how would you be different in 2015. And what Ed Miliband and Ed Balls said very clearly today is that we can be radical with power and realistic with money, and that means we need some pretty fundamental reform of social security, and what Ed Miliband did is set out a very different direction to that now pursued by current government.

SOPHIE RAWORTH:
It was interesting listening to it though last week because I mean you know we all remember Ed Miliband just at the end of last year, the beginning of this year, saying you know benefit cuts were “punitive, unfair, they must not happen.” What’s changed?

LIAM BYRNE:
Well, look, if were in government today, we’d be doing things very differently. I can’t explain why the government is giving Britain’s richest citizens a whacking great tax cut and yet some of those who are poorest are now seeing their benefits taken away at such a pace that they’re relying on food banks. That surely can’t be right, but …

SOPHIE RAWORTH:
But it seems like it’s taken you an awfully long time to come to that conclusion. You were, as Ann Widdecombe just pointed out, of course famously the person who left your successor that note at the Treasury saying ‘Good luck, the money has run out.’ Why has it taken so long for Labour to come to that conclusion?

LIAM BYRNE:
Because the public wanted to hear how would we have been different today. That’s our job as opposition - to set out a different course of travel now. What we’ve got to do today, with two years to go before the election, is show how we would be very different after 2015. Now there will be some tough edges, we can’t disguise that. And
what Ed did this week, he said in effect there’ll be a triple lock on social security spending; there will be a cap on the amount of time you can spend on the dole …

**SOPHIE RAWORTH:**
*over* And tough edges …

**LIAM BYRNE:**
… a household benefit cap; and a cap on overall social security spending.

**SOPHIE RAWORTH:**
*over* And that means cuts, doesn’t it? Where will those cuts fall?

**LIAM BYRNE:**
Well what Ed’s done is say look, if you’ve got a long-term cap on social security spending, that means you have to put in place long-term reform of the big cost pressures that at the moment are just being allowed to run up and up and up and up. That’s got to start with more concerted action to get back into work, which is why we’ve said, look, there’s got to be a two year cap on the amount that’s going to be spent on benefit …

**SOPHIE RAWORTH:**
*over* Absolutely and you’ve explained all that last week. But cuts.

**LIAM BYRNE:**
*over* More concerted action on low pay and you’ve got to do something about the housing benefit.

**SOPHIE RAWORTH:**
But what you haven’t explained is where those cuts would fall because invariably you would have to have cuts, wouldn’t you? You would have to make them and that is not what you’ve explained in any detail at all.

**LIAM BYRNE:**
No, we’ve said that we want to bring some spending levels down. So let’s take, for example, tax credits. At the moment as a country, we spend about £30 billion on tax
credits, and what a lot of people say to Labour is, look, why are we subsidising low pay at companies that are doing very nicely, thank you? Now that’s why what Ed said is look, let’s have some concerted action about tackling low pay. Or let’s take another example. Let’s take housing benefit. We spend £24 billion a year on housing benefit. That budget has gone up by a billion pounds since the last election and it’s forecast to go up by another 300 million between now and 2015. Labour councils are saying to us look, give us more latitude to manage those budgets. Let’s take Birmingham, for example.

**SOPHIE RAWORTH:**

*(over)* But this would take time …

**LIAM BYRNE:**

*(over)* We’ve spent £200 million …

**SOPHIE RAWORTH:**

*(over)* You know yourself this would take … And you know advisers have said the same. It would take time for that …

**LIAM BYRNE:**

*(over)* Of course it would take time.

**SOPHIE RAWORTH:**

Absolutely. So in the short-term what happens? Let’s say you get into power in two years’ time. You are going to have to make cuts and you know that, but you seem very nervous about using that word.

**LIAM BYRNE:**

I’m not nervous at all because, look, at the moment we don’t have a long-term cap on social security spending, and what that means is the government can just sit back and let failing programmes continue failing. Work programme’s a classic example. The work programme at the moment is literally worse than doing nothing, but because there’s no long-term cap on social security spending, Iain Duncan Smith can just sit back and say oh well, whatever. Now if you’ve got a long-term cap on social security
spending, you can’t do that. If you’ve got a failing programme, you’ve got to get stuck in, roll your sleeves up and actually sort it out. So this is a very different approach that tackles low pay, housing benefit, and, crucially, getting people back into work. (Raworth interjects) … long-term reform, the only long-term reform actually that you can put in place to get the budget down.

**SOPHIE RAWORTH:**
What about things like winter fuel payments? You’ve said that you will remove those. What about child benefit? You’re not going to be able to reinstate that. I mean is this principle of universalism, is that over now?

**LIAM BYRNE:**
Well every generation has got to reset the balance between universal benefits on the one hand and targeted benefits on the other. Now at the next election, there will be important universal benefits that we campaign on. Let’s take the flat rate pension, for example. The flat rate pension that’s being introduced by the government is a good idea, but it’s not universal. It leaves out about three quarters of a million women. Now we’ll be saying, look, that’s wrong; the flat rate pension, that should be universal. But you’ve got to reset the balance, so other targeted benefits we don’t think are affordable and winter fuel payments for people like Ann and others I’m afraid aren’t affordable for the future.

**SOPHIE RAWORTH:**
What about TV licences, bus passes, senior railcards. Are they next?

**LIAM BYRNE:**
I think … I mean Ed Balls was quite clear about this at the beginning of the week. I mean the TV licence budget is pretty small. I think bus passes are quite important to mobility and keeping older people’s connections with the outside world. But, look, you know we’ll set out those plans closer to the time, but we’re just being very candid with people that the government has had to borrow £250 billion more than it forecast because it puts the recovery in the tank. That means things are going to be awfully tough in 2015.
SOPHIE RAWORTH:  
Ed Miliband himself, I mean he acknowledged, didn’t he, that you did not … when you were in power, you did not do enough to rein in the welfare bill?

LIAM BYRNE:  
Well out of work benefits fell under Labour by about 7.5 billion. Some spending went up - pensions and tax credits. But there …

SOPHIE RAWORTH:  
(over) But you didn’t do enough, did you?

LIAM BYRNE:  
… there were some things that if we were reliving that time again, we’d do differently. So I think we would have been a lot faster on reforming incapacity benefit and you know we should have been building more homes too. Because you know look at the levels of rents here in London are going up and up and up, you know, and we should have been building more houses.

SOPHIE RAWORTH:  
You spent too much money though basically, didn’t you? You left that note ‘The money’s run out’.

LIAM BYRNE:  
Well I hate to let facts get in the way of a good headline, but the truth is out of work benefit - that bill, it fell by £7.5 billion. But the point that we have to confront today …

SOPHIE RAWORTH:  
(over) But I mean that note in itself, it said it all really though, didn’t it? You spent too much money.

LIAM BYRNE:  
Well, look, after a recession spending goes up. The problem this government now
confronts is it’s not coming back down again. So, look, social security budgets went up £24 billion during the crash and it’s not yet fallen. In fact it’s carried on rising by 2 per cent a year. Now that’s not sustainable …

SOPHIE RAWORTH:
(over) I suspect …

LIAM BYRNE:
… and we’ve got to put the system back on an even keel for the long-term and it’s going to take long-reform to do that. And what Ed has said - look, there’s a Labour way of doing it because the Conservative way, it’s failing.

SOPHIE RAWORTH:
Liam Byrne, thank you very much.

LIAM BYRNE:
Thanks.

INTERVIEW ENDS