ANDREW MARR:
Now central to Labour’s problems at the election were the economic arguments where
the public just didn’t like their past record and simply didn’t believe their warnings of
economic disaster under the Tories. Ed Balls is no longer available for various reasons
to discuss all of that, but I’m delighted to say the new Shadow Chancellor Chris
Leslie is. Welcome Mr Leslie.

CHRIS LESLIE:
Good morning. Hello.

ANDREW MARR:
First of all, I mean you took a huge hit at the election campaign, and one of the big
questions I suppose for Budget week is are we going to see a different tone, a
different kind of Labour Party as a result? Are you in the mood to you know rethink
the old days when you were opposed to every single cut and you were kind of highly
critical of austerity? Are there going to be things in short the chancellor will announce
that you will agree with, do you think?

CHRIS LESLIE:
Well without accepting your characterisation of where we were during the election, I mean we did try our best to make sure that where we made promises, they were fully funded, but we lost that election. We now are confronted potentially with a budget that’s going to set the tone for the next 5 years. Now we haven’t seen the content of that. Maybe you’ll get a few little hints here or there from the chancellor. I’m really curious to know that you know what’s changed? We had a budget in March. We’ve got the same chancellor now. Four months later, what is it that he’s going to say that he wasn’t prepared to say in the election? So I have to wait to see what he says.

ANDREW MARR:

(over) But we have a Conservative only government is the big different, isn’t it? This is a Tory budget. The last one was a coalition budget. So they will be different, won’t they?

CHRIS LESLIE:

Well I think we need to see a certain series of challenges met. Is he going to do the right thing in terms of boosting productivity? We know there’s a productivity crisis in this country for our economy. He didn’t even mention productivity when it was in the last March budget speech, so he’ll have to address that now. But we’ve also got to make sure that we put middle and lower income people first in terms of any tax changes that are going to be there.

ANDREW MARR:

(over) Tax cuts and so forth.

CHRIS LESLIE:

And of course on the deficit we need of course sensible savings, but I want to see proper welfare reforms, proper public service reforms that aren’t self-defeating, that aren’t going to end up costing much more for the country in the longer term.

ANDREW MARR:

The big idea in the Blair/Brown years was tax credits, which were a way of getting people into work and not having a great cliff at the end when you lost all your benefits and therefore was an anti-work thing. And to a certain extent that’s worked, but it has
the huge perverse effect of the taxpayer subsidising poverty wages. Do you think, like your colleague Frank Field, that tax credits should eventually go?

CHRIS LESLIE:
Well I think tax credits actually helped a lot of people who might otherwise have been made redundant during the course of the post-banking crisis era because it meant that when they scaled back to four days a week or part-time they could still you know sustain themselves in employment. I do think it’s important that we tackle low pay, we tackle rising housing costs. Those are the real underlying drivers of higher social security spending.

ANDREW MARR:
Sure.

CHRIS LESLIE:
I’m hoping that the chancellor’s going to U-turn for example on a living wage this week. We’ve been pushing him a lot on that. We’ll see what he comes out with on Wednesday. But ultimately …

ANDREW MARR:
Would you like to see the minimum wage become the living wage?

CHRIS LESLIE:
Well we …

ANDREW MARR:
In other words, to go up substantially?

CHRIS LESLIE:
I think there’s a very strong case for a rise in the minimum wage. But I think it’s important just to answer your question on tax credits. Don’t underestimate the impact that it could have if the chancellor pulls the rug away from people you know trying their hardest to make ends meet. Those tax credits have been very, very important not just for making work pay …
ANDREW MARR:
Sure, the …

CHRIS LESLIE:
… but for helping you know reduce child poverty in this country, and I’m very, very worried about the impact on some of the very most vulnerable people.

ANDREW MARR:
There is clearly a big philosophical problem, however, with one lot of taxpayers paying money into a pot which ends up by subsidising poverty pay. So although there’s a big transitional problem – how do you get to a better paid society – would you philosophically like to get to a society where we didn’t need tax credits at all?

CHRIS LESLIE:
Well of course. I mean the whole point of the welfare syst…

ANDREW MARR:
(over) So when Frank Field says they should eventually go, you’d agree with that?

CHRIS LESLIE:
Well except Frank Field hasn’t said to reduce tax credits for existing claimants. But obviously what you want to do is get to a situation where more people are working but are in good jobs that are sustained and they pay a decent rate. We’re seeing currently more people taking on second jobs than ever, a lot of retired people coming back into the workforce because they can’t make ends meet. And so there is a recovery but it’s very fragmented, it’s very strained at the edges, and that’s where I think the chancellor should pay his attention.

ANDREW MARR:
One of the most big stick acts the government did on welfare was to introduce a cap per household - £26,000. We know from the Tory manifesto it’s coming down to £23,000, but there are suggestions it should be lower than that outside London. Do you agree with that?
CHRIS LESLIE:
Well we’ll see what he puts forward. I mean I think a benefit cap is necessary in order to make sure that those who are in work, perhaps on salaries of £30,000, are getting a decent deal compared to those who aren’t. But actually let’s not get too distracted by the benefit cap. It’s a tiny fraction of the overall welfare bill. A tenth of one per cent is going to be saved by that. The big drivers of welfare are what’s happening with low pay, what’s happening with insecure jobs, and what’s happening with rising housing costs. That’s where we need action.

ANDREW MARR:
So housing benefit. Would you be prepared to support cuts in housing benefit? It’s a hugely growing part of the welfare bill, as you know, and I know both parties say we’re going to build lots more houses and nothing ever quite seems to happen, but in principle.

CHRIS LESLIE:
Well look, the key here is the evidence that shows that if you make a proposal it’s going to make sustained savings. The problem we’ve got with this chancellor – as we had for example with the bedroom tax – is that he makes a change and then it ends up being self-defeating, it costs much longer in the run. So you know before the Budget, I have to see exactly what he’s going to propose. We haven’t seen that yet.

ANDREW MARR:
The general election was clearly a big shock to the Labour Party. What is the main message economically that you draw from that? How are things going to be changed from the Labour Party’s perspective in the future?

CHRIS LESLIE:
I think we have to now get into the questions of what drives good jobs, what drives stronger businesses. We need to absolutely make sure our opponents can never characterise us as somehow anti-business. That is not where we were and it’s certainly not where we are. If you’re going to get good productivity – and that’s a word that we’re going to hear a lot about this week – you have to break it down into what that means: decent infrastructure, good rail decisions, road decisions, airport capacity
issues, but also making sure we have high skills in the economy. The high skilled jobs are shrinking in comparison to low skilled jobs that are increasing.

**ANDREW MARR:**
Okay one of your colleagues who wouldn’t mind sometimes being characterised as a bit anti-business is the leadership contender Jeremy Corbyn. We hear today that two big unions – UNISON and the GMB – are thinking of backing him. What’s your reaction to that? He’s doing pretty well.

**CHRIS LESLIE:**
Unions, others are free to back who they want. It’s an open contest …

**ANDREW MARR:**
(over) Unite, not UNISON. Unite, I should say.

**CHRIS LESLIE:**
It’s an open contest. We’ll see what comes out with that. In the meantime my job is to make sure that we’re a strong opposition and we’re not going to let George Osborne get away with things that are going to hurt the most vulnerable and are going to undermine the viability of our public services.

**ANDREW MARR:**
So you’d be comfortable with Unite backing Jeremy Corbyn?

**CHRIS LESLIE:**
I’m not backing Jeremy Corbyn. I’m backing Yvette Cooper for the leadership. I think that she has a combination of good communication skills and also the experience that I think would be good for the future of the country.

**ANDREW MARR:**
But Corbyn, who is without doubt the most left wing of the candidates, is doing extremely well in this election campaign so far, isn’t he?

**CHRIS LESLIE:**
I don’t know. I mean we’ll see when it comes to the middle of September. My view though is that we’ve got to put Labour in the position where people recognise that we are in favour of good fiscal discipline if we can get those basic tests met of decent public services, protecting the vulnerable, but also that we are focused relentlessly on the productivity to strengthen our economy. You don’t deal with your deficit and all those other issues unless you strengthen the economy.

ANDREW MARR:
Okay. Chris Leslie, thanks very much indeed for coming in.

INTERVIEW ENDS