ANDREW MARR:
Now, as we’ve been hearing, David Cameron says he’s fighting like mad to secure a new deal for Britain in Europe. But there are growing suspicions that he is fighting and losing, so where does this leave the Tories over our EU membership? One of the government’s most outspoken Brussels sceptics is Iain Duncan Smith, the welfare secretary, who was also at the centre of recent controversies over tax credits and the welfare bill and he joins me now. Welcome to you.

IAIN DUNCAN SMITH:
Hello.

ANDREW MARR:
If the papers are not entirely wrong, it’s been a rough few weeks for the negotiations on Europe - they’ve been put off until next year, the possible timings of it. What’s the mood like?

IAIN DUNCAN SMITH:
Well the mood is it’s actually very upbeat and very good, I think. I’m involved in putting together the package that the prime minister wants to take to the council, so
we’ve been deep in discussion about that. The prime minister’s been pretty clear throughout that he wants to take a package that supports the manifesto commitment. So in my area, for example, on welfare, he’s very clear that he wants to have that commitment to people living here and contributing to the system and that will be one of the key elements of the negotiations.

ANDREW MARR:
So this is the 4 year moratorium? If you’re a worker from inside the EU but outside Britain and you come here to work, you don’t get any in-work benefits for 4 years?

IAIN DUNCAN SMITH:
Yes, I think most people listening to this, most of the British public would ask the question why if you haven’t contributed, if you haven’t been here in the UK should you be able to walk in and actually select which country you go to for the benefit you receive. So this would actually bring an end to the idea of what we call benefit tourism. And actually …

ANDREW MARR:
(over) So from …

IAIN DUNCAN SMITH:
… we don’t mind people working. We mind people claiming off British taxpayers for things that they didn’t deserve.

ANDREW MARR:
So from your point of view, is this the acid test of these negotiations?

IAIN DUNCAN SMITH:
Well there’s a lot of things in this negotiation …

ANDREW MARR:
(over) Sure.

IAIN DUNCAN SMITH:
ANDREW MARR:
(over) But is this absolutely … Well is this crucial?

IAIN DUNCAN SMITH:
Well I know that the prime minister has made it crucial to himself in the sense that he’s always talked about you know what we have to deliver and it’s quite important. I noticed during the newspaper reviews Rohan made it very clear the prime minister’s making a speech reminding the Conservatives that we were elected on a manifesto and we need to deliver on that manifesto regardless of the state of the opposition. And of course the manifesto commitments were very clear on this. The prime minister’s been clear about that from the word go. So I’m a little surprised about the newspaper articles today because I think the prime minister’s been pretty clear from the start of this he wants to deliver what he said he was going to deliver at the time of the election.

ANDREW MARR:
But there’s also a suggestion in today’s papers that if he doesn’t get what he wants, including this 4 year moratorium, he will be prepared to lead the Out campaign, which to a lot of people watching seems completely incredible.

IAIN DUNCAN SMITH:
Well do you know I always take articles written about these things with a bit of a pinch of salt. What I do know categorically is the prime minister has made it clear from the beginning that he was not prepared – and he said this before, so I’m a little surprised as to why this has become a story – he said that he’s not prepared to come back with a deal he did not think would deliver on his commitments and would benefit Britain and he’s been after reforming the European Union, changing things in the welfare area and making sure that we get a much better system in Europe for us as well as for the rest of the European Union. I can tell you actually - I do go round a lot, I was in Germany not so long ago, talk to the French – when you get down to it behind closed doors almost every single developed country, particularly developed country in Europe, actually wants to see some kind of end to the idea of people just
popping around and taking benefits in different countries. They know that. Germany’s very strong about that.

**ANDREW MARR:**
You say you’re not sure why this is a story at the moment. I can help you, I think, on this subject because every time David Cameron is sitting in that chair or another chair and he’s asked about this, he avoids the possibility of him ever leading the campaign against British membership of Europe. It seems to be a one-way thing. And I just wonder if the mood has indeed changed slightly in the last few weeks?

**IAIN DUNCAN SMITH:**
No I think again it depends how you phrase these things, but to be honest with you I have complete faith in the prime minister wanting to deliver on what he said he would at the time of the election. And let’s remember – and I think it’s worth reminding my colleagues and everybody else – it’s the prime minister who has done something which people like me and others have been asking for for years, which is a referendum on whether we should stay in the European Union or be outside the European Union. Every other government has shifted away from that, dipped their shoulders. He didn’t, he’s given us this. So that’s a huge …

**ANDREW MARR:**
*(over)* Sure.

**IAIN DUNCAN SMITH:**
… starting point. On top of that, he’s always said from the word go that he wasn’t just going to go over and go through the motions; he actually wanted to deliver something that really benefitted Britain. And every single listener out there, or viewer, will actually have the right to make that decision.

**ANDREW MARR:**
Sure.

**IAIN DUNCAN SMITH:**
Not just me, not anybody else, but …
ANDREW MARR:
(over) Sure. But right now it’s hard pounding clearly. Can I ask in a little bit more detail about this benefits proposal …

IAIN DUNCAN SMITH:
Yeah.

ANDREW MARR:
… because what we’re told is that not only are lots of other European leaders against it at the moment, but also even if it went through it would be illegal under European law to discriminate against people who are not your own citizens in this way. Do you understand that to be true?

IAIN DUNCAN SMITH:
Well it’s actually … Like all these things, when you get down to it it’s not quite as true as that. Let’s start, for example – universal credit coming in now already is classed as a social assistance programme in the European Union and that means it will deliver on two or three of the items that we want to … there’s more to come. So, for example, the child elements under universal credit – unlike tax credits – cannot be exported. The second … As they are at the moment – somebody coming in can send their money home on child elements even if they’re not accompanied. That can’t happen under universal credit. Secondly, under universal credit you won’t be able to claim unemployment benefit no matter how long you’ve been here. That’s a reality. So there are two very, very important areas that are actually already delivered. So there are other things the prime minister’s talking about, which is this being here and contributing. That goes into things like child benefit, etcetera, but universal credit delivers already on some of that.

ANDREW MARR:
But there are still legal problems and it’s been suggested one way round this might be to say right nobody gets in-work benefits until they’ve been working for 4 years, including British citizens. So younger British people could have to work for 4 years before they get benefits in order to ensure that this covered the Europe wide legality
issue.

IAIN DUNCAN SMITH:
Well the good news is that universal credit already says that nobody from outside of the UK will be able to claim the benefits for being out of work. Once that comes in, they won’t anyway be able to do that.

ANDREW MARR:
So why are we having this argument then?

IAIN DUNCAN SMITH:
It’s the in-work element of it that is the debate because the European Union assumes that that in-work supplement, which is at the moment tax credit, part of which will now become universal credit, that should be payable to anybody who comes in to take up any kind of work. So that’s with …

ANDREW MARR:
*(over)* So I go back to my original question: how would you as welfare secretary react to a proposal to remove in-work benefits from British people who haven’t worked for 4 years either in order to get round the legal problem?

IAIN DUNCAN SMITH:
Well this has never been part of our proposal. As I say, we’ll wait and see what is decided.

ANDREW MARR:
*(over)* Would you be against it, would you be against it?

IAIN DUNCAN SMITH:
I’m not going to put a position down on this in the sense that all … I say to you this, Andrew. I’m in the business with the prime minister of delivering what the prime minister said he wanted at the time of the election through the manifesto, and what he has said clearly to his European colleagues is we need to do this. The delay, which everyone said oh it’s a sign of weakness, I think it’s a sign of strength. It says the
prime minister’s determined not just to come back with any deal, but to come back with a deal that he knows he can sell to the British people – and that I think says … speaks volumes about his determination.

**ANDREW MARR:**
If you get what you collectively want on welfare changes, would that be enough for you to want to stay inside the EU? Would you campaign to stay in rather than to get out?

**IAIN DUNCAN SMITH:**
I’ve always said that - as every single viewer of this programme will I think reach the same conclusion - which is at the moment when the deal is on the table, that is when you assess whether you think it’s in the benefit of Britain to stay in the European Union or leave. And I’ve always said look my judgement is at that moment my position will become very, very clear, but it’s hugely dependent on what we get back.

**ANDREW MARR:**
Okay but for you issues like parliamentary sovereignty, getting out from under the ECJ – the European Court of Justice – those are very important issues too?

**IAIN DUNCAN SMITH:**
Yes all my political life, I have campaigned on the idea that the European Union should never be a state, it should never become a super state. That’s why I was very against the idea of joining the euro. It’s the Conservatives that said we wouldn’t join the euro. We haven’t. We’re never going to join the euro and that’s become obvious. Thank god we didn’t – look what happened to Greece and to Italy who had deficits that were large. We’d be in a terrible state. So you know this whole idea about being an independent state but cooperating and trading, that lies at the heart of it. The definition of what that means is what this negotiation is all about.

**ANDREW MARR:**
You have been critical of the whole European project – the way it’s been developing towards (as you would see it) a super state of some kind, and lots of other people inside continental Europe now agree with that. Marine Le Pen has given a very, very
interesting interview today saying that Brexit, British exit from the EU, would be like the Berlin Wall falling: it would bring down the whole thing and a good thing too. How would you react to that?

IAIN DUNCAN SMITH:
Well I never really read or listen to anything that Marine Le Pen or her party say. I think they have such odious views elsewhere as well.

ANDREW MARR:
She might yet become president of France.

IAIN DUNCAN SMITH:
Well I don’t have a vote in that election, so you’ll forgive me if I don’t. But, however, on the principle and the issue of it, the reality has been that now you have really two bits of Europe already within the European Union: you have those who are in the euro who require deeper and closer and tighter ties and taxation and all the rest of it; and those who are outside – of which Britain is the leading part – who don’t require that. So that is of course the basis for why you need to have a reformed Europe – because you now have different types of Europe within the European Union. So for those who say we mustn’t touch it, you know my answer is behind closed doors every European nation knows in Europe …

ANDREW MARR:
(over) You can’t carry on like this.

IAIN DUNCAN SMITH:
(over) … that there are differentials. For example, the other day …

ANDREW MARR:
(over) Alright …

IAIN DUNCAN SMITH:
(over) … you had Eastern Europe being caucused against by those who are in the euro
and being forced to take migrants when they didn’t want it. So one of the issues is you shouldn’t be able to caucus against people outside the euro.

**ANDREW MARR:**

*(over)* Who is the … Yeah and what kind of inner group have we got and all of that.

**IAIN DUNCAN SMITH:**

*(over)* Exactly right.

**ANDREW MARR:**

Can I move to welfare because after the Autumn statement, there was a general feeling that people at the bottom of the heap had had the big threat of the tax credit cuts removed from them, but subsequently there’s been reports from both the Resolution Foundation and the IFS saying that those same people will be just as worse off because of universal credit by the end of this parliament. The Resolution Foundation says average families at that end of the scale will be £1,000 a year worse off. Is that true?

**IAIN DUNCAN SMITH:**

Well, first of all, let me just explain something because I’m going to answer this. I don’t believe it is. The Resolution Foundation, for example, didn’t take into consideration childcare, etcetera, which they admitted, and so these figures are very moveable. The point I want to make is, first of all, at the Budget the levels of the taper (that’s the withdrawal rates) and also the allowances (that’s how much you can earn before you have money taken away) in universal credit were set. Nothing has changed to those at all. So that element…

**ANDREW MARR:**

*(over)* And that was a fight you had with George Osborne and won?

**IAIN DUNCAN SMITH:**

Those were discussions that we’d had at the time and we stabilised that at the time of the Budget back at the beginning of this parliament. The rest of this discussion about tax credits has had next to no effect on what universal credit delivers, so there’s no
change to what universal credit is delivering in the deficit year at all as a result of the
tax credit changes.

**ANDREW MARR:**

*(over)* But the crucial question is the IFS said that by the end of this period there’s no
doubt that families at the bottom will be considerably worse off than they would have
been had the current system continued.

**IAIN DUNCAN SMITH:**

Well two elements first of all. Nobody will lose any money on arrival on universal
credit from tax credits because they’re cash protected, which means there’s
transitional protection. They won’t be losing any money. We agreed that. I argued for
that at the time. The Chancellor agreed that. This goes back a few years, so that is all
in place. Nobody loses a penny unlike they would have done under tax credits if they
do. And you’ve got to remember universal credit is not tax credits. *(Marr
over/inaudible)* Universal credit is six benefits. It’s a much bigger benefit. You know
it has housing benefit in it, for example; it has child elements in it; it has all sorts of
bits and pieces which are nothing to do with tax credits.

**ANDREW MARR:**

So the IFS has just misunderstood it, have they?

**IAIN DUNCAN SMITH:**

Well it’s an unemployment benefit as well. Take, for example …

**ANDREW MARR:**

Yeah but sorry, coming back to the IFS, they have misunderstood this because they
say people will be worse off?

**IAIN DUNCAN SMITH:**

There were always some … For example, tax credits subsidise massively somebody at
16 hours’ work – a thing that I thought was terrible – and occasionally at 30 hours.
So, look, at 16 hours they had a very low taper rate, but if they went into 17, 18 or 19
they lost nearly 100 per cent of their earnings, just short of that. Under universal
credit that will not happen.

**ANDREW MARR**

*(over)* People get quite confused by taper rates and so forth.

**IAIN DUNCAN SMITH:**

Well exactly my point.

**ANDREW MARR:**

I still want to carry on to the very simple question will people be worse off?

**IAIN DUNCAN SMITH:**

*(over)* Well my point is there were always points under tax credits that were more generous than universal credit because that was the nature.

**ANDREW MARR:**

*(over)* So some will be, but …?

**IAIN DUNCAN SMITH:**

*(over)* … always and that’s why we protected them. The truth is what universal credit does – as we show in the reports that are being published this week, which I think have been released to this programme – that under universal credit more people go into work faster, they stay in work longer and they earn more money. These are the independent reviews that are now coming forward showing universal credit is a massive progressive.

**ANDREW MARR:**

Alright. Let’s ask about one other thing. I know that Leytonstone is part of your area as it were. After this appalling attack in the station, first of all what are your reflections about it in terms of security? One-off people grabbing a knife and going into a shopping centre or a tube station, no-one can protect against that, can they?

**IAIN DUNCAN SMITH:**

This is my borough and of course it grieves me to think that this kind of incident took
place in there. I know the police work incredibly hard. We have an anti-gangs programme there which I've worked very hard on. It’s not party political, so across the board with the council. I don’t know what the circumstances of this incident are. I understand that they’re treating it as a terrorist attack, but it’s an abomination to think of somebody doing this whatever the circumstances are. But you know this requires … this is one of the good reasons why under the Budget changes, under sorry the Spending Review, we haven’t cut the police budget and the police will get the money that’s necessary for them to be able to secure the areas that might be most threatened by a terrorist attack.

ANDREW MARR:
A lot of people watching are simply quite scared about going into public spaces, using public transport at the moment. What’s your message to them?

IAIN DUNCAN SMITH:
I think it’s a very strong message, which is we cannot let these sort of people – terrorists, etcetera – actually dominate our space. The fact is that the way we defeat them at the end of the day is that our values, our freedom of expression, our freedom of belief, our freedom of association, the freedom that capitalism brings to us, our ability to take our children, our families out at Christmas, none of that must be curtailed because at the end of it all that is the reason why they attack us – because we have a moderate state that believes in help and assistance to people and doesn’t actually believe in this totalitarian idea, which was described brilliantly by Hilary Benn the other day as a fascist concept, a fascist regime that we’re up against. And we’ve always had to fight fascism and the best way is to show that our values are far better than those of the fascist regime.

ANDREW MARR:
Iain Duncan Smith, we’ll talk more after the news, but for now thank you very much indeed.

INTERVIEW ENDS