Transcript of Ed Balls interview
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INTERVIEW:

ED BALLS, MP

SHADOW CHANCELLOR

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ANDREW MARR:

Well that was quite a fall and of course political life is full of ups and downs and spills, which takes me to my next guest, the Shadow Chancellor Ed Balls. Ed, you've been very, very vociferous in your criticism of this government, but it is the case that things are getting a little better in the economy at the moment, isn't it? I mean there are the first faint glimmerings of spring, as in the real weather, in the economy.

ED BALLS:

Well I hope so, but I think it's very early to say that. And if you go back to the American trip last week which David Cameron and George Osborne were on, David Cameron was asked time and time again why has the American economy now actually caught up the output it lost in the financial crisis, is growing strongly with the President talking about stimulus, and here in Britain where we only talk about austerity, the issue is will we end up with a lost decade like Japan in the 1990s. And I have to say at the moment on that big, strategic question - where's the plan for jobs and growth - George Osborne said a year ago in his Budget, "I will put fuel in the tank of the British economy." Twelve months on, we're on the hard shoulder. The economy's not grown.
ANDREW MARR:

And yet, as I say, there are some signs that things are beginning to turn round a bit. When it comes to stimulus, if it was the case that the figures showed the 50p rate really wasn't bringing in very much money at all, was barely worth collecting, would it be right then to ditch it and do something else instead?

ED BALLS:

If George Osborne had the courage of his convictions, he would ask the independent Office of Budget Responsibility he set up to do that examination and he hasn't. It's a political report. It's not an independent report we're going to get on Wednesday. We said the top rate of tax would raise over a billion in the first year, two and a half in the second. Let's see the numbers. But I have to say I think even if it was half what we were saying, that would compensate for the cuts in tax credits to families on £17,000, which means that they'll be better off on benefit, losing £73 a week. I have to say, Andrew, for families on middle and low incomes seeing their petrol prices up, their fuel bills up, their living standards squeezed, youth unemployment rising, the idea that George Osborne is saying the number one priority is to cut taxes for families on £150,000, they can't be serious. It's totally out of touch. What planet are they on? Whose side are they on? It's crazy.

ANDREW MARR:

Okay, but it's actually Revenue and Customs who are doing the financial study on the 50p rate.

ED BALLS:

Why is not an independent report from the OBR?

ANDREW MARR:

Well Revenue and Customs are pretty
ED BALLS:

(over) No, but come on, Andrew, George Osborne set up the OBR because he said "independence in my fiscal forecasts". This is a fiscal forecast. Why didn't he trust it to the OBR because it is a political issue? We have a Chancellor and a coalition throwing scraps to Tory backbenchers and Liberal Democrat backbenchers. The nation needs a plan for jobs and growth. We've not got one. We've not had one for a year or two and instead they're playing politics with the national interest. It is not right and it is going to be deeply unfair. Middle class families, low income families will look at this and say that this is out of touch with their lives and what the country needs.

ANDREW MARR:

Your big fiscal idea before was reversing the VAT rise, which would cost something like 12 billion ...

ED BALLS:

Yeah.

ANDREW MARR:

... and it's been argued that you know there hasn't been enough compensating measures were you to do that. Are you coming slightly off that? I mean you've been saying recently that if the coalition isn't going to do that, it should do x, y and z instead.

ED BALLS:

Well I said that on your programme three weeks ago. The answer is no. Right now George Osborne's plan has failed. He's borrowing £158 billion more. The economy has flatlined. There is no job growth in our economy really to speak about. Unemployment is rising. That is the fundamental issue which he's not even talking
about. We need action now. We say repeat the bank bonus tax for youth jobs. A temporary cut in VAT for a year is the best way to get the economy moving. If in the end the coalition says they'll do personal allowances instead of the stimulus, well that's less fair, it's less good for women, it's less immediate, it's better than nothing, but we are in a bizarre position now where George Osborne seems to say the way I incentivise a family on the minimum wage, I incentivise them by cutting their income, taking away their tax credits, but I incentivise an individual on £150,000 by giving them money by cutting the top rate of tax. Why the double standards?

ANDREW MARR:

I suppose the issue is that the people at the top have clever tax lawyers and it's much harder to get that money. Instead of the two billion or so that you thought was going to come from this, if it's just a few hundreds of millions it's barely worth doing, is it?

ED BALLS:

Well we said 1.3 billion in the first year while the accountants do their switching around; 2.5 billion in the second year. You only had the first year. Look, on the top rate of tax, no tax rate should be set in stone. I don't want to see any taxes higher than we can avoid, but there are issues of fairness, priorities and public services. And this is about politics, Andrew.

ANDREW MARR:

Okay.

ED BALLS:

It's about George Osborne playing politics with something which is unfair and out of touch.

ANDREW MARR:
Budgets tend to be about politics, but let's...

ED BALLS:

(over) Well they should actually be about what's good for jobs, growth and the economy.

ANDREW MARR:

Okay, well let's turn to that. When it comes to some of the other proposals on tax, when it comes to things like mansion taxes, tycoon taxes, are you attracted? The notion that everybody, you know whatever the brilliance of their tax lawyers, should be paying a certain percentage come what may, that must attract you?

ED BALLS:

Well, look, I think the tycoon tax is a phrase, not a plan. You'd have to look in real detail to see whether or not legally and tax wise you can make this work. You need to look at capital as well as income. It's very hard. It doesn't really work in America. On the mansion tax, I do see a case for a mansion tax. I've said to George Osborne, "I'll work with you to solve some of the difficult issues." But the question is should you do the mansion tax or the tycoon tax to help families with higher fuel bills and higher petrol prices by cutting fuel duty or cutting VAT, or do you say this is simply about cutting taxes at the top? I don't understand the Liberal Democrats - why they've ended up saying they'll have a mansion tax to pay for the top rate of tax. And the other thing, Andrew, I think this is all a distraction. What George Osborne and Nick Clegg, David Cameron are comfortable with is a debate about money from here to there because what they're not comfortable about is the big issue - what's happening to unemployment, what's happening to growth, are we in line for a lost decade? That's not being talked about. It's the biggest issue.
ANDREW MARR:
Can I ask you about another big issue ...

ED BALLS:
Of course.

ANDREW MARR:
... which has just come to the top of the agenda, which is the notion that regional pay should be broken down; that instead of single national pay bargaining, if you are living in a part of the country where the cost of living is low and you're working for the public sector, you should be paid less than public sector workers living in expensive places like London. Good idea?

ED BALLS:
Well there is regional variation now in the local government settlement in the pay review bodies. The view I've always taken - and I think actually has been taken consensually in Britain for thirty years - is actually the pay review bodies nationally are a better way of delivering that flexibility while keeping a lid on costs. I worry George Osborne going for a free for all hospital against hospital would cost more. It would also potentially be quite unfair, but it also takes us in the opposite direction. We ought to be saying as a goal, we want to spread economic prosperity across the country rather than saying to people you only get the decent pay as a doctor or a nurse if you come to London. Doesn't that take us in the opposite direction? So this looks to me like George Osborne again, he's playing politics, he's appealing to his backbenchers, but it could cost him more and be unfair and take his economic strategy in the opposite direction from where we should be going.

ANDREW MARR:
How important is it to stop any increase in fuel prices because the coalition has actually done
quite a lot to try and hold down fuel prices, but this very, very difficult problem with international oil prices pushing and pushing.

ED BALLS:

Why don't you ask George Osborne what happened to his fair fuel regulator he talked to you on previous programmes before the election about?

ANDREW MARR:

(over) Yes he has.

ED BALLS:

A year ago, he said, "I'll have a fair fuel regulator." A year on, this week, petrol prices are higher than a year ago, the oil price is higher. Where's his fair fuel regulator? He's saying he can't do anything. Our VAT cut, as it happens, would have been a cut in petrol prices. Look, credit easing, the Regional Growth Fund, the fair fuel regulator, bringing forward infrastructure. George Osborne talks. Where's the substance? Nothing has happened on any of these things.

ANDREW MARR:

Okay, you must be frustrated talking about all of these things and then looking back at the opinion polls and seeing that the coalition is far more trusted on the economy than you are. Why do you think fundamentally that is?

ED BALLS:

Well, look, first of all I look at those polls and see all politicians have got a problem at the moment. None of us are trusted to sort out this economic mess at the moment. That's what the polls actually say. We had an election defeat. George Osborne was given the benefit of the doubt. He said he had a plan on the big judgements - going too far too fast, the top rate
of tax, do we need action now on jobs? Actually the arguments we've made are in line with public opinion. In the end, if you get the judgements right, I think you win through; if you get the judgements wrong, you fail.

ANDREW MARR:
Alright.

ED BALLS:
George Osborne's judgements are flawed. The public agree with that. It's an argument we've got to win.

ANDREW MARR:
Ed Balls, thank you very much for now.

ED BALLS:
Thank you.

INTERVIEW ENDS