JEREMY VINE:
After three years in opposition Labour is beginning to give us more of a sense of how it would govern if it wins the election in 2015. Last week we had Ed Balls promising “iron discipline” on public spending and Ed Miliband talking about a cap on welfare, although the party’s critics say its plans are still short on detail. Well I’m joined now by a key member of the Labour economics team, the Shadow Business Secretary Chuka Umunna. Welcome to you.

CHUKA UMUNNA:
Good morning Jeremy.

JEREMY VINE:
Let’s start on tax, which dominated the papers. You’ve told Google “What you’re doing is wrong.” Is that as far as you can go?

CHUKA UMUNNA:
Well there’s a lot more you can do and we’ve got to be absolutely clear why it’s
important to clamp down on tax avoidance and evasion because I mean if you look at these companies, they rely on public services like everybody else does, they rely on having a decent infrastructure in place and we need to fund that. I also think actually businesses are citizens in some respects. We have a mutually dependent relationship - businesses rely on us to provide the custom and of course the skills through the workforce, and we rely on them to provide jobs and to play their part as well - and if one side of the coin if you like doesn’t play its part, then the system falls apart.

**JEREMY VINE:**
And so you believe that governments need to force them to pay the tax that you think is due. Is that right?

**CHUKA UMUNNA:**
Yes and I think also …

**JEREMY VINE:**
Because the G8 are onto this now, so …

**CHUKA UMUNNA:**
Yes. Look, I don’t think there’s any disagreement about the principle - for once it’s nice to take some of the politics out of it - but the question is how you do that. And of course I mean there are a number of things that we need to see the G8 address, which the Government here hasn’t yet addressed, which is how can we reach international agreement on tax where they transfer their profits across different companies that they have globally - transfer pricing as it’s called? We need to see action on that. We need to see action on ensuring that we don’t end up with a race to the bottom on corporation tax, for example, where we’re being played off by companies, different jurisdictions are being played off against companies to reduce tax state generally. Now we want a competitive environment, but again if we don’t have the revenue how do we pay for all of these things?

**JEREMY VINE:**
How do you stop a country somewhere popping up and saying - as Ireland did to Apple in the early 80s - come to us, you can pay 2 per cent, 3 per cent?
CHUKA UMUNNA:
Look it’s a good question and the way you do it is by getting international agreement.

JEREMY VINE:
But they might not be part of that agreement.

CHUKA UMUNNA:
But the thing is you need to ensure that they are. And that’s what we did when we were in government at the April 2009 G20. We got international agreement to make it very clear that if the tax haven jurisdictions did not comply with OECD rules on sharing information about tax evasion then sanctions would be applied.

JEREMY VINE:
Oh so you sanction countries that don’t take part in the agreement? That’s what you do?

CHUKA UMUNNA:
That is what happened in April 2009. It was made very clear to the tax havens that there would be action if they did not share information about tax evasion on the part of large companies and individuals, and they were brought to book. So these are the big issues that we need the G20 to address. But of course I mean one of the important things with the G8 ahead of us, the Prime Minister made an announcement yesterday in respect of what we’re going to do if you like to set an example to lead in this and he said that the Government were seeking to establish a central registry of company ownership, so that we actually know who own our companies. Now that will be maintained by Companies House and one of the big problems we have … If you like, Companies House, the best way to describe it is where all our companies file information about themselves. It’s like a big filing cabinet. The problem that we’ve got at the moment is that the filing cabinet is broken. Companies already have an obligation to disclose the number of foreign subsidiaries they have abroad, but Companies House is not properly enforcing the rules to ensure that they disclose the nature of those companies. So, for example, last year nine of the biggest companies in the country failed to disclose thousands of offshore and foreign subsidiaries and
Companies House didn’t take any action about that until an NGO came along and prompted them to do so.

**JEREMY VINE:**
That’s of course, that’s local, isn’t it? You’ve talked international. That’s about getting the HMRC to chase these people down.

**CHUKA UMUNNA:**
Well actually it is, it’s international in the sense that we’re talking about foreign companies. And it’s not just HMRC. HMRC works alongside Companies House to tackle these issues. Companies House helps ensure that the companies disclose the information that enables HMRC to act. And that’s why today I’ve written to the Government to find out exactly what they’re going to do to ensure that Companies House can actually do that job properly because in respect of the existing rules and transparency measures there are, Companies House isn’t actually enforcing them properly. It’s no good the Prime Minister making new announcements about a new registry yesterday, but if you’re not actually enforcing the current regime, what hope is there in respect of the future?

**JEREMY VINE:**
Okay Google paid 0.1 per cent tax over the last five years. A lot of that was under your party’s administration. That money’s gone. You’re never going to get it back, are you?

**CHUKA UMUNNA:**
Well, look, we did lots of very good things in terms of clamping down on tax avoidance. The National Audit Office brought out a report at the end of last year showing that the disclosure rules that we introduced led to £12 billion of extra revenue coming into the Exchequer, and I’ve already talked about what we did at the G20. But of course we can all do more and part of the challenge with this issue, Jeremy, is that it’s a little bit like running up a down escalator - you’re always seeking to get ahead - and that’s quite difficult.
Just on the wider economy and Labour’s plans. We were promised that Ed Miliband had a plan to rebuild capitalism. We’re still waiting for that one, aren’t we?

CHUKA UMUNNA:
Well I don’t agree with your interpretation of still waiting for that. Look, we’re absolutely clear …

JEREMY VINE:
What have you announced? You’ve announced you’re taking the winter fuel allowance away from the richest pensioners. That’s about it.

CHUKA UMUNNA:
Well, look, you’ve got the short-term and you’ve got the long-term. You’ve got the short-term debate about how we get the public sector balance sheet back into a more healthy state. But actually I don’t think, Jeremy, that we do great service to the country if we reduce down economic debate purely to what you tax on your spend because actually the challenge for us, coming out of the 2008/9 crash, is how do we rebuild a different model of capitalism in our country that’s more long-term.

JEREMY VINE:
But you can’t even answer the simple question: do you need to borrow more for your growth agenda? Labour can’t answer it.

CHUKA UMUNNA:
Yes we can. We …

JEREMY VINE:
You do need to?

CHUKA UMUNNA:
Well, look, we’ve said in respect of … We’ve been advocating a temporary cut in VAT, which is something that many in the retail sector have been arguing for. We’ve been quite clear that would involve short-term borrowing of around £12 billion. But the reason we’re advocating it is so that we get more growth that will mean that we
get more tax returns in the future. But what I …

JEREMY VINE:

(over) So you need to borrow … To be clear, you will be borrowing more than the Government at the moment is borrowing when you get into power? Because Ed Miliband was asked about this on The World At One a few weeks back. It took him ages to get an answer out.

CHUKA UMUNNA:

Well I’ve just given you a straight answer in terms of what we do in the short-term, and actually the IMF of all people have been saying that we should bring forward 10 billion pounds worth of infrastructure investment. And we all know that at the end of the day if you spend on infrastructure, it has a big multiplier effect in terms of the growth that you deliver in the future. But look, as I said, the real debate will be at the General Election who is best placed to shape future private sector growth and who can actually build a different model. And that means, for example, doing the things that we’ve been arguing for - for example like establishing a British investment bank alongside a network of regional banks to get money to our small businesses who are struggling at the moment, Jeremy; it means ensuring that we reform our skill system, so that we’re not just focused on the people who are going to university but that we get more people with those engineering and technical skills. And also I mean it’s really important to note there is a lot of good stuff going on out there in British business. We saw the fantastic news on Friday of the successful test flight of the new Airbus A350 - its engines developed in Derby by Rolls Royce, its wings developed by Airbus in Wales. So we can do it, but you need the Government to work in partnership to put in place a proper industrial strategy to let our private sector grow.

JEREMY VINE:

(over) I don’t … I hate to interrupt you, but there was a story yesterday in the Times looking at which shadow cabinet members have assiduously, most assiduously courted the grassroots of Labour. Going on … I don’t know if it’s the “rubber chicken” circuit, as they used to call it …

CHUKA UMUNNA:
The rubber chickens.

**JEREMY VINE:**
The rubber chicken circuit, okay, and the answer is you and Ed Balls. There’s only one reason that politicians go on the rubber chicken circuit and that’s because they want to become leader one day.

**CHUKA UMUNNA:**
Well look, Jeremy, I make absolutely no apologies for going around the country. I often do it. Ed Balls and I have become somewhat of a double act. I was with him in Leeds actually last month.

**JEREMY VINE:**
Michael Heseltine used to do it and we know what happened there.

**CHUKA UMUNNA:**
Well look, we need to get out into the country. We need to get out of Westminster. Too often - no disrespect to yourself - but the political debate is dominated by you and I here in London and we need to get out. We need to open up the debate to people out in the country. And the reason I get out so much is because I want to meet businesses. I told you, I’ve been to Derby to see Rolls Royce and others. But ultimately also I do fundraise and so does Ed for our candidates, particularly in those marginal seats we need to win because, I tell you, it’s no fun being in the shadows. Ultimately if we’re to deliver for our business community in this country, we need to get into power and we need to win back those seats …

**JEREMY VINE:**
Thank you very much …

**CHUKA UMUNNA:**
… and that’s why we go out on the road.

**JEREMY VINE:**
Chuka Umunna, Shadow Business Secretary, thank you.
CHUKA UMUNNA:
Thank you.

INTERVIEW ENDS