ANDREW MARR:
Now then, tackling Britain’s welfare bill was at the heart of the Chancellor’s budget last week. “Welfare spending is not sustainable”, he warned, announcing a four year freeze on most benefits paid to people of working age and deep cuts in tax credits. But then, with a flourish, he announced a new national living wage. The immediate press reaction was ecstatic, but second thoughts were rather less so. The Business Secretary Sajid Javid is with me now. Good morning.

SAJID JAVID:
Good morning.

ANDREW MARR:
Could we talk a bit about the numbers to start with? Is 4 billion roughly speaking the amount of money the new minimum wage will bring in by 2020 in your understanding?

SAJID JAVID:
The min… The new living wage?
ANDREW MARR:
Well you call it a living wage, other people call it a minimum wage. Whatever it is – about 4 billion, the £9 wage.

SAJID JAVID:
By 2020 it will probably cost businesses around that amount, but of course it depends on what the final numbers are.

ANDREW MARR:
Of course.

SAJID JAVID:
What we’ve said is that it will start at £7.50 from April. So with the addition to the national minimum wage for 25 and over, it will be £7.50. And it will rise to about 60 per cent of median income, which should be around £9 by 2020.

ANDREW MARR:
And the overall welfare cuts are about £12 billion?

SAJID JAVID:
That’s right and that’s exactly what we set out in the election campaign.

ANDREW MARR:
So when the Institute for Fiscal Studies says it is arithmetically impossible that the new higher wages will compensate for the cuts in tax credits and so forth, that is a factually unimpeachable thing to say, isn’t it?

SAJID JAVID:
Actually if you just look at you know one or two things (as you’re doing) in isolation, then you know you might reach that conclusion. But what we have actually … There were other changes announced in the Budget as well that will help working families such as the personal income tax allowance, the further tax cut for working people, which actually taken together with the changes in that allowance from 2010 means £900 more for the typical working family. So if you take someone today that’s
working full time on the national minimum wage, and you take into account all the changes that we announced in this budget, they will be better off by 2020.

**ANDREW MARR:**
So when the IFS says that there are three million households I think who are going to lose about £1,000 as a result of the tax credit cuts, they’re wrong, are they?

**SAJID JAVID:**
No look, we’ve said all along …

**ANDREW MARR:**
It’s just important to lay out actually what’s going to happen to real families, to be honest about it.

**SAJID JAVID:**
And that’s why in every budget – and this wasn’t any different – we lay out in detail, both using the government’s own numbers but also the OBR, we lay out in detail what’s going to happen. But remember you know we need a step back from this. You know we’ve said all along – and we said this during the election campaign – that we’ve got to become a country that starts living within its means. That means keeping on taking difficult decisions and you can’t live within your means if you ignore the biggest item of government expenditure which is welfare spending. What we’ve done through this budget over the next coming years, the plan that we’ve set out, it will mean that spending on tax credits in real terms will go back to where it was in 2008. It will still mean that five out of ten working families receive tax credits. I’m not pretending for a second it’s easy on every family, but the point is every family is a winner if we become a country that lives within its means, if we keep the record rate of job growth going and we have more opportunities because that is what working people ultimately want.

**ANDREW MARR:**
But you accept, despite all of that, that the bottom three deciles, the poorest working families in this country, are going to lose – and some of them quite heavily – out of this budget?
SAJID JAVID:
No I … Of course in any budget there will be some losers, there’ll be some winners. We have done, we’ve taken …

ANDREW MARR:
(over) It’s just the losers are at the bottom of the heap this time.

SAJID JAVID:
No, actually no. This is a budget, like the others since 2010, where we’ve made sure it’s the richest in society that make the biggest contribution. One of the numbers published, for example, in this budget were that the richest one per cent are going to pay 27 per cent of total income tax. I think that’s fairness. So it is a fair, well balanced budget which ensures that the economic recovery continues, and that’s what working people want to see.

ANDREW MARR:
But it’s the second lowest decile – people on very low incomes – who took by far the biggest hit. Again according to figures - which this time the government didn’t produce at the time of the Budget, we had to go to the IFS to get them – there’s no doubt that this is a budget, which is - to use the old phrase – regressive.

SAJID JAVID:
This is not a regressive budget. This is a budget when, taken together, it will ensure that the richest make the biggest contribution to the consolidation …

ANDREW MARR:
(over) That is not what the numbers say.

SAJID JAVID:
… and that we continue to have a growing economy that creates jobs from which everyone will benefit.
ANDREW MARR:
But that isn’t what the numbers say. I mean it’s true that people right at the top of the heap, the very, very richest pay more, but then you have to go right down to the bottom of the heap to get the people who are really hit by this.

SAJID JAVID:
And the national living wage - something that we’re able to introduce by the way because our economy is strong, because of the measures we’ve been taking since 2010 – that is something that will benefit everyone that’s on the national minimum wage today.

ANDREW MARR:
A lot of the commentators have made the point that you’ve taken quite a few Labour policies and rebadged them. I mean at the time when Ed Miliband was talking about an £8 minimum wage or living wage Conservatives were saying this is a typical socialist, job destroying, outrageous kind of measure, and now you’re doing it yourselves. What’s changed?

SAJID JAVID:
Actually what we’ve said throughout the election is that we are the workers’ party. We stand for working people. Now Labour sort of may say that, but if you analyse their policies together, if you look at what they put forward at the last election, it would have destroyed the outlook for working people, would have destroyed the opportunities. What we’ve done is taken a much more balanced approach. The economy is now strong enough to have a higher minimum wage – the new national living wage – and that’s why we’ve introduced it.

ANDREW MARR:
Now you’ve said already that you don’t think the higher living wage or minimum wage or whatever it is, is going to bring … act as a draw factor to bring more migrants into the UK from the EU. That seems very strange to a lot of people. Surely if there’s higher wages more people will come?
SAJID JAVID:
No it’s not strange for the following reason. I mean, first of all, despite the changes we’ve introduced, the difference in … you know the relative difference in median incomes between Britain and some of the countries, especially the Eastern European countries where a lot of migrants come from, hasn’t really changed. The other thing is that even when you take into account the new national living wage, in terms of other EU countries then we’re in the middle third of minimum wages. And then lastly, it’s been in-work benefits that in particular have been a bit of an attraction, and that’s something of course we’re planning to deal with through the EU reform process.

ANDREW MARR:
But it’s going up and it’s very attractive for single people. The OBR, a government body, has said itself that it’s raising its expectations of the number of migrants who are going to come into this country because of the Budget.

SAJID JAVID:
Well I don’t think it’s going to make a difference there for the reasons that I’ve said, and you know what we need to do is do what’s best for British people and that’s what we’ve done with introducing this national living wage.

ANDREW MARR:
Let’s carry on talking about Europe if we could. Of course the big news this morning is that this summit has been cancelled, the summit of all the EU leaders, so David Cameron won’t be going this evening. What do you think that means? Do you think that means they haven’t got a deal and there’s a new crisis bubbling away underneath the surface?

SAJID JAVID:
Well it certainly sounds like they don’t have a deal yet. I think that’s clear from this news. It’s also a reminder just how difficult it’s been for the Greek people now for a number of years. I mean for any country to go through a decline in its GDP of 25 per cent … The Greek people are really suffering. We want to see a resolution to this as soon as possible, but clearly it’s got to be something that comes from within the Eurozone. So I hope they can reach a deal as soon as possible.
ANDREW MARR:
(over) Do you think things are so bad now that it would be better for Greece to be actually out of it with their own currency again?

SAJID JAVID:
That’s going to be a decision for the Eurozone countries. It’s a decision for Greece and its partners.

ANDREW MARR:
Alright.

SAJID JAVID:
But I’ve always said you know I’ve thought the euro was a flawed proposal right from the start, it was always going to lead to these kind of problems. I think it was entirely predictable and really the countries that are in the Eurozone, they really have to draw the lessons for all of them from this and realise if they want to have a single currency they’re going to have to have the single country to go with it.

ANDREW MARR:
Can I ask you about the front page of The Sunday Times this morning, which has got another big story about the BBC all over it, because there’s a confusion here? There was a deal of some kind done between the BBC and the government ahead of the Budget which allowed the licence fee to rise gently from its current rate over time. But it now seems that the scope of the BBC – actually what it does, how many programmes it makes, the kind of programmes that it makes – all of that is up for grabs, so presumably the licence fee could come down if the BBC is going to do less from where it is now?

SAJID JAVID:
I don’t know the details of what might or may not change. I don’t think anyone does with the BBC yet because we have this charter review process, which has now begun. It’s not over yet, but it will look at a whole host of issues. What we see in the news (I think you’re referring to) in the last sort of week or so, that’s really around the licence
fee and some of the things the BBC does or does not pay for. It’s actually not that
dissimilar to back in 2010 there was a change around the licence fee and what the
BBC can absorb within its own income. So you know having changes around the
licence fee is not you know too rare, but the bigger issues around …

ANDREW MARR:
(over) The bigger issue is what’s up for grabs.

SAJID JAVID:
(over) … and its internet capabilities - you know those are more charter review issues.

ANDREW MARR:
Would you like to see a smaller BBC?

SAJID JAVID:
That’s for the charter review. I’m not going to sit here and you know say what I want.

ANDREW MARR:
Okay, alright.

SAJID JAVID:
I think it has to be driven by getting the feedback from all the stakeholders, then
coming to a decision.

ANDREW MARR:
But if it’s smaller, presumably it will cost less, and therefore the licence fee could go
down?

SAJID JAVID:
Well let’s see what the charter review process brings out.

ANDREW MARR:
Alright. Let’s move onto yet another issue, which is reported widely, which is that the
government actually wants to see a big change to our relationship in the EU as regards
things like agency workers and the working time directive. We’d like to come out of that. Would you like to see us out of the working time directive?

SAJID JAVID:
We’ve always said you know at the start of this process, the EU reform process, that we want to see an EU that’s more competitive, we want to see less bureaucracy. So changes like that, I guess you could say they will be consistent with that, but you know I’m not in a position to sort of and I don’t want to actually give …

ANDREW MARR:
(over) Give red lines or whatever.

SAJID JAVID:
… I don’t want to give a running commentary of what’s going on because we will eventually get to an end point where we’ll be able to put forward to the British people the package we’re negotiating. I’m confident about it. But I do want to see an EU that is much more focused on the single market, more competitive and far less bureaucracy.

ANDREW MARR:
You are the most senior elected Muslim in Britain. The prime minister said over the last week or so that he thinks the Muslim community is not doing enough to combat radical extremism and so forth. Do you agree with him?

SAJID JAVID:
When I was growing up as a young Muslim in Britain, you know the extremist sort of ideology that you see today just didn’t seem to be around, it didn’t seem to be an issue. Something has clearly changed over a number of years. I think the prime minister is right when he talks about if we’re really going to combat extremism and terrorism then we’ve got to combat the ideology. It’s not about just military might. I do think that there are too many people – let’s call them non-violent extremists – that feed this ideology. They may not agree with the terrorism…
ANDREW MARR:
(over) The idea of an ummah and a Muslim state and so on?

SAJID JAVID:
Yeah. … but they might agree with the narrative. And we’ve got to realise the damage that they’re doing. You know they are … In that case you know you’re almost … it’s like taking a young person to the door of the terrorists, and then you make the terrorists’ job of recruitment a lot easier because then they just have to beckon them in. And I think all people – Muslims included, I guess especially Muslims – they have to talk to these people, let’s say the non-violent extremists, and say what you are doing, spreading this ideology, you are hurting us, you are hurting yourselves ultimately. It must stop. And I think all people, including British Muslims and others, have to do more to combat this poisonous ideology.

ANDREW MARR:
And where is the problem, do you think, in terms of not combating? Are we talking about mosques, are we talking about schools? What are we talking about?

SAJID JAVID:
To be honest, I don’t know exactly. But you know if let’s say … if you’re a Muslim parent and you send your children to a mosque, if the imam in that mosque hasn’t condemned what happened in Tunisia, for example, you should be asking yourself why hasn’t he done that, you know what’s stopped from doing that. You know these are the kind of questions I think Muslims should be asking themselves because what’s happening is a peaceful, compassionate religion has been taken and twisted by this poisonous ideology and that cannot be allowed to stand.

ANDREW MARR
From the outside, what seems odd is that after all this time there hasn’t been a development of a more Westernised, a more liberal strain of Islam that it self-confident, that speaks out in its own voice in this country. Why do you think that hasn’t happened?
SAJID JAVID:
I think it is happening in some countries. So if you take Malaysia, Turkey, I think these are countries people would say …

ANDREW MARR:
Morocco.

SAJID JAVID:
Yeah Morocco is another one … where there is a more moderate strain of Islam. You know so it is happening. But I think again what’s happened over the last two decades – and you know this week we were just marking the terrible atrocity of 7/7 where it reminds us that this has now been with us for some time, these problems – is that this extremist ideology has grown and we have to combat it. I really think this is the security challenge of our time and it’s not just dealing with the symptoms; we have to deal with the causes of this.

ANDREW MARR:
Almost certainly quite a lot of young Muslims are watching this programme right now. What would you say to those people who think I can’t be a good Muslim and a patriotic Briton at the same time?

SAJID JAVID:
I would say that is completely wrong. It is perfectly possible in Britain to be both and there are millions of Muslims that do that every single day. So I would say talk to them and learn how you can do it too.

ANDREW MARR:
Sajid Javid, for now thank you very much indeed for coming in.

SAJID JAVID:
Thank you.

INTERVIEW ENDS