Transcript of Andrew Marr’s interview today with the Shadow Chancellor of the Exchequer, Ed Balls MP.

- The Shadow Chancellor insists that Ed Miliband has paid all tax he owes.
- Mr Balls pledges to investigate all tax avoidance measures.
- Mr Balls says that the Conservative Party should have assessed the tax affairs of its donors more carefully.
ANDREW MARR:
Now, Labour are promising to crack down on rich tax cheats by shaking up the taxmen at Customs & Revenue. But from tax exile donors in today’s papers to the leader himself, how snowy white are their own underclothes and, more significant still, what’s Ed Balls planning for ordinary taxpayers? Well the Shadow Chancellor is with me. Welcome Mr Balls.

ED BALLS:
Good morning.

ANDREW MARR:
Now, first of all, can you explain to myself and to the viewers what is the moral distinction between a variation of deed, as Ed Miliband did to avoid tax, and a family tax trust as Lord Fink is accused of doing?

ED BALLS:
Look people want, ordinary people want… to know that people who are rich and powerful pay their fair share of tax. There shouldn’t be one rule for one group and one rule for another. In the case of Ed Miliband, he paid all his taxes, and that’s important.

ANDREW MARR:
Well but he didn’t pay as much tax as he would have done if there had not been a variation of deed.

ED BALLS:
Look, he paid his capital gains tax. The issue is …

ANDREW MARR:
I mean he legally found a way to pay less tax, which is exactly what Lord Fink did, and yet you regard Lord Fink as dodgy and smelly and all the rest of it and (I’m not saying you guys) but your leader has been up to something not that dissimilar in most people’s view.

ED BALLS:
Look Ed Miliband has made his position very clear. *(Marr speaks over/inaudible)* He paid his fair share of tax. And, look, if you don’t mind let’s get to the heart of the issue of the last week and what’s gone on here. It’s not the issue of Lord Fink and his particular tax arrangements. That isn’t the heart of this issue. The issue started a week ago with the revelation that HSBC had a thousand individuals where they’d been evading tax, breaking the law. And what happened is that the guy in charge of the bank – Lord Green – was a minister and David Cameron and George Osborne didn’t ask the questions about Lord Green and there’s only been one prosecution. And I’m afraid the ev…

**ANDREW MARR:**
And …

**ED BALLS:**
Hang on, Andrew. The evidence is the Conservatives from the treasury and in No. 10 turned a blind eye to what was happening at HSBC. That’s what makes people angry – the idea there’s one rule for everybody else, you crack down on benefit cheats, but when it comes to the rich and powerful they don’t ask the questions. For a week we had no word from treasury ministers at all as to why this has been such a failure in the treasury and HMRC. We’re the ones who will act.

**ANDREW MARR:**
Okay. Can I ask you to remind us who was city minister at the time all of this happened and whether he asked the questions?

**ED BALLS:**
But, Andrew, that is a ridiculous …

**ANDREW MARR:**
What’s the answer?

**ED BALLS:**
… it’s ridiculous question.
ANDREW MARR:
You were city minister. Why is it a ridiculous question? This happened on your watch.

ED BALLS:
Andrew, the evidence of systemic tax evasion by HSBC came to the Revenue in May 2010, three years after I was a minister.

ANDREW MARR:
But it was going on while you were a minister …

ED BALLS:
(over) Of cour…

ANDREW MARR:
… and for whatever reason ministers, including yourself, failed to get a grip of this.

ED BALLS:
Andrew, it was going on in Switzerland with law breaking at any point in the past. And at any point in the future, if I’m the Chancellor, I will not turn a blind eye to law breaking. The fact is though the evidence wasn’t presented to me in 2007. It was presented to the HMRC in May 2010. That information was …

ANDREW MARR:
(over) But those people say, your critics say that under Labour’s watch banking regulation was too lax, people got away with all sorts of things they shouldn’t have got away with, and that is a fair accusation is it not?

ED BALLS:
We’re talking here about people breaking the law by evading tax and HSBC doing so in a systemic way with tax evasion. It came to light in May 2010 at the time the government changed. It has been in the public domain for five years and last week we were told, the same Tories who a week ago were alleging that I should have known when it wasn’t in the public domain, suddenly said even though it’s been in the public
domain for five years they only just found out. It’s a joke of an excuse from the Conservative Party and it explains why – unlike me, I’ve been doing interviews all week – there’s not been any word from George Osborne or any treasury minister for a week. Why wasn’t Lord Green asked the questions? Why only one prosecution? Is it Ken Clarke is right because you’ve got a Conservative Party in hoc to hedge funds and large donors and they’re not willing to ask the questions, they turn a blind eye? If you want a government to sort this out, you’ll have to have a change of government because the Conservatives have not acted.

**ANDREW MARR:**
There are two substantial Labour donors – Vince Dale and Sir David Gerrard – attacked on the front pages of the newspapers today for doing similar kinds of things to Lord Fink.

**ED BALLS:**
Well look of course there’s going to be mud thrown this weekend after Ed Miliband has led on this issue…

**ANDREW MARR:**
*(Over)* Do you support why they’ve done?

**ED BALLS:**
…Look it’s not for me to know the details of what every individual has done. It would be impossible for me …

**ANDREW MARR:**
*(over)* George Osborne and David Cameron could say exactly the same thing about a lot of people who were at the black and white ball.

**ED BALLS:**
Well, as you say, the Conser…

**ANDREW MARR:**
“It’s not for me to know. How can we …” I mean it’s the same thing.

**ED BALLS:**
As you say, the Conservatives have a lot of millionaire donors go to the black and white ball unlike Labour.

**ANDREW MARR:**
And you have millionaire donors attacked on the front pages for using tax havens and all sorts of various …

**ED BALLS:**
(over) But the issue is last Wednesday Ed Miliband asked the question of the Tory treasurer Lord Fink – he was on the list of people being looked at by HMRC – did David Cameron ask the question when that information was available? The issue is if there’s anybody who should be investigated, they should be investigated.

**ANDREW MARR:**
Okay.

**ED BALLS:**
In the case of David Garrard and …

**ANDREW MARR:**
(over) And you are completely happy that a deed of variation as used by your leader is an acceptable, morally acceptable thing to do to avoid paying a bit more tax?

**ED BALLS:**
I think that Ed Miliband paid all the tax which was due and we are the party …

**ANDREW MARR:**
Not quite an answer.

**ED BALLS:**
… we are the party who will crack down on tax planning, on systemic practices where
people are trying to avoid paying the tax parliament intends in order to get round the
law. And that’s wrong and we’ll act and we’ll act in the way the Tories haven’t.

ANDREW MARR:
(over) And would you back down on … Sorry, would you crack down on variation of
deed, that kind of tax planning because Gordon Brown, for whom you both worked,
said this was the wrong kind of thing to do, he was against it?

ED BALLS:
Look what we will do is we will look at every area of tax law.

ANDREW MARR:
Including this one?

ED BALLS:
I set out a whole series of areas last Wednesday. I will look at every area. The
intention of parliament …

ANDREW MARR:
(over) Including variation of deed?

ED BALLS:
I’ll look at every area.

ANDREW MARR:
Okay.

ED BALLS:
The intention of parliament must be delivered. In the case of an individual savings
account, that’s there to allow people to pay less tax on savings, or the film tax relief or
entrepreneurs’ relief. We have ways in which people can sensibly plan for their
children and for their debt and for their inheritance. But if people are actually setting
up false structures to avoid paying tax or going off to live in Switzerland in order to
avoid paying their fair share of tax, we’ll crack down. That’s what people want. We’ll
do that in the way the Tories have completely failed.
ANDREW MARR:
The other Ed said yesterday that you were going to have a root and branch reform of HMRC. Do you regard that as having the wrong culture, not being fit for purpose at the moment? There have been all sorts of stories about cosy suppers between the bosses of HMRC and people who are avoiding their taxes and sweetheart deals and so forth.

ED BALLS:
Look, I think there are some good people in the HMRC. They’re under huge pressure because there’s been large cuts in staff numbers. I don’t know whether the issue about not doing prosecutions and instead collecting revenue has come from ministers or whether that’s a decision within the department, but I want to make sure that they’ve got the resources they need, that the legal framework is right, the culture is tough. When we brought …

ANDREW MARR:
Do you think culture is tough enough at the moment?

ED BALLS:
Well look when we brought together the old Inland Revenue and Customs & Excise, that was because we wanted to get some of the tough investigation Customs & Excise type culture into the Revenue.

ANDREW MARR:
It hasn’t worked, has it?

ED BALLS:
I’m not sure it’s worked well enough. But that in the end of course depends upon the remit set by the Chancellor and whether the resourcing and the message goes in. My fear in the case of HSBC and the HMRC is the message has gone in from the top of the government, from the Chancellor and the Prime Minister, not to engage enough, to turn a blind eye. It’s why they didn’t ask the difficult questions about Lord Green. We will send a different signal into this machine. We want to collect the tax, we’ll
toughen up the law, and we will make sure that the revenue’s collected.

**ANDREW MARR:**
Now you’ve signed up for the government’s fiscal deficit reduction plan, which means about £30 billion of austerity in the next government if you’re in government. Your leader has said in the past that he thinks the right balance between spending cuts and tax rises is about 50/50. Do you agree with that?

**ED BALLS:**
Well, look, I dispute the premise of your question obviously because the 30 billion number is not the government’s fiscal objective.

**ANDREW MARR:**
It’s the structural deficit, so it’s a fair number.

**ED BALLS:**
No, look, the …

**ANDREW MARR:**
And certainly the proportion is a fair question.

**ED BALLS:**
The government says they’re seeking to get the overall budget into surplus by 2019. That goes well beyond our commitment to a current budget balance. That’s the thing which the Institute for Fiscal Studies have said would require colossal cuts in public spending and the OBR said would take us back to 1930s levels.

**ANDREW MARR:**
Absolutely. And the IFS also said that your plans required new tax rises to pay down the deficit. Not the 50p thing. Though since I’m on 50p, are you going to go ahead with 50p now that we know actually that the rich are paying more since the rate has come down to 45p than they were before both proportionally and in absolute terms?

**ED BALLS:**
We absolutely will go ahead …

**ANDREW MARR**

*(over)* Why?

**ED BALLS:**

… with putting the 50p back to 50p while we get the deficit down because …

**ANDREW MARR:**

*(over)* It could lose you money.

**ED BALLS:**

… because it will bring in revenue absolutely. Even the most caut…

**ANDREW MARR:**

*(over)* That’s not what the official figures say.

**ED BALLS:**

Oh come on, come on.

**ANDREW MARR:**

The official figures say the rich have paid more taxes since the rate went down to 45p.

**ED BALLS:**

The official figures do not make the causal link you imply at all. The reason why the numbers have gone up is actually because of changes to pension tax relief which Alastair Darling introduced in the first budget of 2010. Even the most cautious HMRC estimates say there’ll be revenue collected from this and I think they underestimate it. What we’re going to do is get the deficit down. We’ll balance the budget and cut the deficit every year …

**ANDREW MARR:**

*(over)* You need a lot more from tax to do that, however, than you’ve announced so far, and I’m just asking you where it’s going to come from – VAT or excise revenue
duty?

**ED BALLS:**
Well, look, the party which raised VAT was the Conservative Party. The Conservatives are the ones …

**ANDREW MARR:**
(over) That doesn’t stop you doing it.

**ED BALLS:**
… the Conservatives are the ones with unfunded tax commitments. The Institute for Fiscal Studies have said we’ve been the most cautious of the three parties. But our approach is different from the Conservative approach in three ways. First of all, we will cut spending until we get the deficit down, but not back to the 1930s levels.

**ANDREW MARR:**
Okay.

**ED BALLS:**
Secondly, we will raise the top rate of tax. We’ll take the winter allowance away from the richest pensioners.

**ANDREW MARR:**
(over) I say to you that you will raise the 40p rate of tax and the bottom rate of tax as well. As sure as eggs is eggs, you’re going to raise income tax if you’re in the treasury again.

**ED BALLS:**
Well I don’t know on what basis you’re making that …

**ANDREW MARR:**
Because you have to get rid of the deficit. And you’re not going to make huge swingeing cuts as the Conservatives are doing in public spending and welfare, so where else is the money coming from? It has to come from tax rises.
ED BALLS:
Well you see this is the sort of George Osborne mindset problem …

ANDREW MARR:
(over) It seems to me to be basic logic, isn’t it?

ED BALLS:
No, no, it’s not actually because there’s three ways you get the deficit down. By cutting spending, which we’ll do …

ANDREW MARR:
Yes.

ED BALLS:
… by some fair increases on tax at the top and the mansion tax and the winter allowance, which we’ll do. But thirdly, unless the economy is growing more strongly and bringing in the tax revenues … The reason why George Osborne has failed so badly on the deficit in this parliament …

ANDREW MARR:
(over) So you need economic growth, but you’re still going to have to plug that deficit and I don’t think you’re going to do the kind of deep, deep public spending cuts the Conservatives are committed to. And, therefore, you’re left with tax rises and I’m just asking you which taxes are going to go up?

ED BALLS:
A fact from the Office of Budget Responsibility: if the economy simply grows by 0.2 per cent a year in the next five years, by the end of the parliament the deficit is £15 billion lower. Tomorrow we’re setting out a prosperity plan about how we make sure not by just concentrating on a few wealthy individuals but on everybody - all small firms, all working people - we get the skills we need. I want a lower tax burden for small businesses than now and under the Tories in the future, a British investment bank, getting the apprentices we need. Unless you get growth, unless we actually stay
in Europe and win the investment we need, then we’re going to carry on with George Osborne’s failing plan and I’m going to do things in a more balanced and fairer way.

ANDREW MARR:  
One other issue. You may have seen Nicola Sturgeon on the sofa a couple of weeks ago laying out her red lines for any kind of deal with Labour after the election and she talked about Trident and getting rid of Trident, which I know is a problem for the Labour Party, but she also said… she criticised you for going along with the Conservatives’ austerity plans and said there had to be an end to austerity economics. And that suggests to a lot of people that you can’t do a deal with Nicola Sturgeon on that basis, can you? You’d have to tear up your own economic plan.

ED BALLS:  
George Osborne’s austerity economics has failed. He said he’d balance the books and he failed to do so. He’s now trying to carry on in the next parliament with even more of the same failing plan and we’re …

ANDREW MARR:  
Let’s talk about Nicola Sturgeon rather than George Osborne if we might.

ED BALLS:  
Well look, I’m explaining to you I’m not going to sign up to George Osborne’s austerity economics. I’m not going to have spending cuts a third …

ANDREW MARR:  
What about Nicola Sturgeon’s assertions?

ED BALLS:  
No but the question you asked me was whether I was signing up …

ANDREW MARR:  
(over) Was would you do a deal with Nicola Sturgeon. You talked about George Osborne.
ED BALLS:
No, no, you asked me whether Nicola Sturgeon is right to say I’m signing up for George Osborne’s plan and I said to you absolutely not because we’ve got a balanced plan, a fair plan, a steady plan, a plan which will get the deficit down through growth and jobs and fair action on tax at the top and on some spending cuts. Now I don’t think Nicola Sturgeon’s going to sign up to anybody’s plan because I think probably she just sort of thinks we shouldn’t deal with the deficit at all. There I disagree with her. We’ll cut the deficit. We’ll do it in a fair way and a Labour way.

ANDREW MARR:
Ed Balls, always a pleasure. Thank you very much indeed for joining us.

ED BALLS:
Thank you.

INTERVIEW ENDS