ANDREW MARR:
Now the Labour Party has pledged that if it wins the election, it will create a strong economic foundation for the future and raise living standards. The Tories say Labour would in fact keep on borrowing forever, leaving the UK economy vulnerable and saddling future generations with more debt than we could ever hope to repay. The man with Labour’s plans for the economy is of course Ed Balls, the Shadow Chancellor. Welcome to you, Ed Balls.

ED BALLS:
Good morning, Andrew.

ANDREW MARR:
Now the SNP say that you are linked to the Tories as an austerity economist and you have indeed signed up to this £30 billion of contraction in the House of Commons. So what would be the result of simply saying you know what, 2015, the deficit doesn’t really matter so much?

ED BALLS:
I think that would be the wrong thing to do. There are some parties who say we don’t
have to worry about the deficit.

ANDREW MARR:
Indeed.

ED BALLS:
I think they’re completely wrong. I think it’s essential …

ANDREW MARR:
(over) Irresponsible?

ED BALLS:
I think it’s irresponsible. I think we need a credible plan to balance the books in the next parliament and that’s what we are setting out. We’ll balance the books in the next parliament. As soon as possible, we’ll get the national debt falling. The difference between me and George Osborne is that George wants to go way beyond the difficult task of balancing the books. He wants a £23 billion surplus …

ANDREW MARR:
(over) We’ll talk about that soon. We will talk about that.

ED BALLS:
… so he can cut the size of the state, the 1930s … But you asked me about the SNP challenge on the difference …

ANDREW MARR:
I was going to come back to that.

ED BALLS:
… and I say to you the difference is a big ideological plan for a surplus for the biggest cut since the Second World War from the Tories or a sensible, balanced, fair plan from Labour.
ANDREW MARR:
So if you think that the SNP’s view of the economy is irresponsible and wrong, you can’t possibly do a deal with them. Why can’t you as a party simply say the obvious?

ED BALLS:
Well, first of all, I said any party who says we haven’t got to balance the books is irresponsible. Secondly …

ANDREW MARR:
(over) Yeah and that includes the SNP at the moment.

ED BALLS:
… we have no plans, no need, no desire to have any deal with the SNP. This is a party which wants to break up the United Kingdom. They’re not going to be able to stand up for the whole of the UK.

ANDREW MARR:
So just say the words ‘I rule it out’.

ED BALLS:
Ed Miliband said it’s nonsense, it’s not part of our plans. And you know, Andrew - you’ve been covering politics for thirty years – parties, large parties at this stage say we’re fighting for a majority and we are. I’m not going to get involved in speculation about post-election deals. We’re fighting for a majority.

ANDREW MARR:
Well that’s the problem because this might seem a little bit weird we’re talking about the words ‘rule it out’ and does that really matter, but if you won’t rule out a deal after the election then that allows the Conservatives to carry on showing Ed Miliband in Alex Salmond’s front pocket. You know it’s been very damaging to you. It infuriates… The idea of the SNP having a lever on a future Labour government infuriates a lot of English Labour voters, so just say we won’t do it.
ED BALLS:
I don’t think it’s damaging. I think it’s utter nonsense. It’s the Tory Party trying to deflect attention from David Cameron’s cowardice on the TV debates and his refusal to debate Ed Miliband.

ANDREW MARR:
But to say it’s nonsense is not the same thing as saying we won’t do it.

ED BALLS:
The only party who’s done a deal with the SNP in the last ten years is the Tories in Scotland between 2011 and two thou…

ANDREW MARR: 
(over) There must be some reason that you can’t rule it out?

ED BALLS:
Because what we’re not going to do at this stage, before an election, is say anything other than we’re fighting for a majority. Look I’ve got to say to you if you want to discuss …

ANDREW MARR:
It might help you get that majority if you said we rule it out.

ED BALLS:
Are you going to ask George Osborne today whether or not …

ANDREW MARR:
I am.

ED BALLS:
... he’s going to do a deal with UKIP …

ANDREW MARR:
Yes, I certainly am.
ED BALLS:
… when what we know is, Andrew, Michael Gove and Nigel Farage are apparently good friends. They both agree on leaving Europe and privatising the NHS. The Tories …

ANDREW MARR:
(over) That’s a subject we’ll come onto, that’s a subject we’ll come onto.

ED BALLS:
… are the ones who are now vulnerable on the issue of deals. We don’t want any deal with the SNP.

ANDREW MARR:
(over) I still … I still don’t understand. We don’t want any deal with the SNP …

ED BALLS:
It’s not part of our plans, it’s nonsense, it’s not something we want.

ANDREW MARR:
And we won’t do it?

ED BALLS:
We’re not going to get into any speculation now …

ANDREW MARR:
(over) Why not?

ED BALLS:
… when what we’re doing is fighting for a majority. Look Andrew, as I said …

ANDREW MARR:
(over) Because this is part of … this is part of the …
ED BALLS:
(over) Come on.

ANDREW MARR:
(over) … argument ahead of the election. This is part of the dynamics of the political argument.

ED BALLS:
Come on, you’ve been covering politics for thirty years. You know …

ANDREW MARR:
(over) And having done so, I think you’re going to have to eventually say we rule out a deal with the SNP.

ED BALLS:
You know no large party at this stage gets involved in this kind of speculation. I’ve got to say I’ve always coalition politics is corrosive …

ANDREW MARR:
Okay.

ED BALLS:
… to British public trust, and you’ve sort of proven why.

ANDREW MARR:
So the speculation goes on, I’m afraid. Let’s move onto something else.

ED BALLS:
Well I think it’s the Tories and UKIP who are doing the deal and it’s probably happening in Michael Gove’s kitchen.

ANDREW MARR:
Maybe it will. How many kitchens do you have, by the way? Per house, per house?
ED BALLS:
People around the kitchen tables of Brita
in are debating the dangers from Tory cuts,
not how many kitchen tables David Cameron’s got.

ANDREW MARR:
Okay. Now you say the Conservatives can’t be trusted with the NHS because they
won’t say whether deep cuts are going to fall. Now you also want to make cuts – not
as deep, not as quick – so where are the big cuts going to fall under Ed Balls?

ED BALLS:
Well we’ve set out very clearly over the last few weeks, we’ve published eight
reviews from our zero based review. As well as cutting the winter allowance for
pensioners with pensions over £41,000, as well as the child benefit cut cap, we’ve
also said that we would take 500 million from local government through better
procurement and working together, 250 million from policing, through abolishing the
police commissioner elections and other changes to save money, 400 million from
housing benefit savings …

ANDREW MARR:
(over) These are important potatoes, but they are small potatoes.

ED BALLS:
(over) … £70 million from the courts. We’ve set out how we can make savings in
Defra as well. A whole series of areas. But sensible spending cuts is only part of the
plan. You’ve also got to have fair tax rises at the top and you need a plan for growth
and jobs which brings in the tax revenues. The reason why George Osborne failed …

ANDREW MARR:
(over) Are there, are there … Sorry.

ED BALLS:
… is because he’s not brought in the tax revenues in this parliament because wages
have been so stagnant.
ANDREW MARR:
Are there things that after five years of a Labour government the state would not be
doing that it’s doing now?

ED BALLS:
Well we introduced universal winter allowance …

ANDREW MARR
That’s in the past.

ED BALLS:
... and we’re going to have to take it away.

ANDREW MARR:
You’re going to take it … Right, that’s one example.

ED BALLS:
Yes that’s one example.

ANDREW MARR:
Any other bigger examples in terms of the structure of departments? It’s been
suggested by the Taxpayers’ Alliance, we have too many government departments,
we could get rid of entire government departments.

ED BALLS:
Well we think through sensible spending cuts, some fair tax rises at the top and a plan
for growth and jobs, we can balance the books without an ideological assault on the
state or having to raise VAT or cut the National Health Service, which I think will be
the consequence of George Osborne’s plans. He can’t find the £70 billion of cuts he’s
committed to, he can’t tell us where his welfare savings will come from. Is he really
going to cut 30,000 police officers …

ANDREW MARR:
(over) Well we’ll come to all of that …

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ED BALLS:
(over) … cutting our armed forces back to the 18th century? That’s the difference.

ANDREW MARR:
You … okay you mentioned the armed forces now. Now you have said in the past that Labour will defend the defence forces as it were. Can you commit yourself (as the Conservatives have not) to sticking with the 2 per cent GDP target, which is an all NATO target under your government and under the Conservatives; regiments? around the world saying 2 per cent’s very important? Now it seems that we’re not going to carry on doing it?

ED BALLS:
Well I think the defence of our country is hugely important and at a time when you’ve got instability, the jihadist threat in Africa, in the Middle East, on the Russian borders, we’ve said because we won’t sign up to the £70 billion of cuts Osborne wants, we will not have defence cuts as deep as the Tories, but we have said to balance the books we are going to have to have cuts in the next parliament for unprotected departments. What we’ll do though is we’ll have a strategic review of defence before we complete our spending review and see what we can afford.

ANDREW MARR:
Okay that answers absolutely everything except the question I asked you, which is would you stick to the 2 per cent?

ED BALLS:
The reality is that at the end of the 70s the number was 5 per cent. I fell under Margaret Thatcher from 5 to 2 per cent. We, Labour, stabilised it around that level – in fact just above that level …

ANDREW MARR:
(over) Would you carry on at that level?

ED BALLS:
… all our time in parliament. We’re going to have a deficit of £75 billion. We’re
going to have to make very tough decisions, but my plan …

ANDREW MARR:
(over) So that sounds to me like you wouldn’t stick to the 2 per cent?

ED BALLS:
(over) Well no, my promise to the armed forces is this. One, we will back you all the way and continue to invest. And, secondly, I am not going to sacrifice the defence of our country on an ideological commitment to a 1930s or 1940s level of the state, which if you protect schools and protect international development means deep, searing cuts to policing and defence. That’s the Osborne plan, it’s not Labour’s plan …

ANDREW MARR:
(over) Well but you won’t commit yourself to the NATO 2 per cent, which is very interesting.

ED BALLS:
We kept 2 per cent all the time when we were in government, all the time.

ANDREW MARR:
I’m asking you about looking forward, the next government. Will you commit to 2 per cent or not?

ED BALLS:
Our zero based review is finding savings. I can’t sign up now to a commitment until we’ve opened the books and done the strategic review. But I promise you this: the Tories are the extreme ones on spending cuts and I’m not going to follow them down that road.

ANDREW MARR:
So not 2 per cent and you do leave the door open to some kind of deal with the SNP?

ED BALLS:
Look, Andrew, we just had that … we just had that conversation.

**ANDREW MARR:**
We have had that conversation. I’m just summing up for the audience in a friendly way.

**ED BALLS:**
*(over)* You know … It’s total, it’s total nonsense. We’re fighting for a majority. The only way in which we’ll save the NHS, stop a VAT rise, secure our defences and our policing and change our economy so it delivers rising living standards for working people is to get a majority Labour government, and you’ve got a yellow Cameron who won’t face Miliband …

**ANDREW MARR:**
*(over)* Okay enough of all of that, enough of all of that.

**ED BALLS:**
*(over)* … wanting you to ask questions about the SNP. That’s the truth, Andrew. You know it.

**ANDREW MARR:**
I think questions about the SNP are jolly interesting and that came from me as well. Ed Balls, for now thank you very much.

**ED BALLS:**
Thank you, Andrew.

**ENDS**