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THE ANDREW MARR SHOW

INTERVIEW:

GEORGE OSBORNE, MP

CHANCELLOR OF THE

EXCHEQUER

MARCH 15th 2015

HEADLINES

- The Chancellor George Osborne said that any suggestion of a potential UKIP/Tory deal after the election was 'total nonsense'
- Mr Osborne continued: 'Even engaging with Nigel Farage on this is giving him credibility where he has no credibility'
- On defence spending Mr Osborne said he'd made 'big commitments in the future to grow the defence budget' but did not confirm continuation of 2 percent GDP expenditure on defence.
- Accepted the government still has to make difficult decisions 'because we're running a 5% budget deficit - that's still one of higher budget deficits in the world'
- Said that the gap between north and south has grown over decades – 'the exciting thing at the moment is that more jobs are being created in the north and the midlands than in the south and at a faster rate'

ANDREW MARR:

Now as he puts together his final Budget before the election, George Osborne is constrained. Firstly there's no money because his deficit elimination plan is only half accomplished; and, second, on the political side this is still a coalition Budget. But after months, years of stagnant polls with Labour and the Tories mostly level, can the Chancellor resist using this last opportunity to give his party an electoral edge? Chancellor, of course you can't. Can I ask you about your colleague Michael Gove's phrase that the Tories should be "warriors for the dispossessed"? Do you agree with that?

GEORGE OSBORNE:

Well I agree ... I agree that we should be a party that supports those with lack of opportunity and gives them opportunities. We should help people from low income backgrounds get into university, have a great education. Above all, we should be the party that helps people get work – and we have created 1.8 million jobs in this country because we have pursued a consistent long-term economic plan.

ANDREW MARR:

So this is still a time to help the bottom dog before helping the top dog?

GEORGE OSBORNE:

Well this Budget is all about securing a truly national recovery – from building a Northern power house, connecting up other regions of our country, committing to long-term plans that support science and high speed transport, making sure that all parts of our country feel the benefits of the economic recovery, and that's what this Budget will be. So no giveaways, no gimmicks, a Budget for the long-term.

ANDREW MARR:

No giveaways, no help for taxpayers by raising the national insurance or income tax thresholds, for instance?

GEORGE OSBORNE:

Well everything we do in this Budget has to be paid for.

ANDREW MARR:

Of course, of course.

GEORGE OSBORNE:

That's been the central argument I've made all along. This country got itself into trouble with unfunded promises, massive borrowing, spending levels out of control.

ANDREW MARR:

So this will be a fiscally neutral Budget in the phrase?

GEORGE OSBORNE:

I've got an economic plan that is delivering more jobs, that is growing our economy, that is raising living standards. We have to go on working through that plan, not throw it away.

ANDREW MARR:

So to be clear, this is a Budget where everything that you give away or hand out will be paid for by something else? It'll be neutral overall?

GEORGE OSBORNE:

My whole argument has been that this country has to pay for things. It has to earn its way in the world. Now ...

ANDREW MARR:

(over) So is that a yes, is that a yes?

GEORGE OSBORNE:

Well I don't want to ... you know I can't reveal on the Andrew Marr Show ...

ANDREW MARR:

Oh go on.

GEORGE OSBORNE:

... all the details of my Budget, but I think people can ...

ANDREW MARR:

(over) No, but the overall ... the overall plan?

GEORGE OSBORNE:

... people can judge me ...

ANDREW MARR:

Yeah.

GEORGE OSBORNE:

... from the approach I've taken in this parliament, which is to tell the country the truth about the economic problems it faces, to say that Britain's got to pay its way in the world, it's got to earn a living. We do that by backing our businesses, growing our industry, supporting all parts of the country ...

ANDREW MARR:

Do you think ...

GEORGE OSBORNE:

... making sure we're using the talents of the entire population. And, look, this country's in a fundamentally stronger position than it was when I came on this show before the first Budget I delivered in this parliament. But the job isn't done ...

ANDREW MARR:

It certainly isn't.

GEORGE OSBORNE:

... and we face this critical choice, Andrew – do we turn back to the chaos of the past or do we keep on working through this plan that is delivering a recovery for all?

ANDREW MARR:

It's very easy to get hung up on statistics and numbers, but the OBR says there's 60

per cent still to do by and large and 40 per cent done. And the IFS says that that means there are still to come – their word, not the BBC’s word, their word – “colossal” cuts. Is ‘colossal’ a fair word to use?

GEORGE OSBORNE:

Well we still have to make difficult decisions because we’re running, according to the forecast we produced at the Autumn Statement, a 5 per cent budget deficit. That’s still one of the higher budget deficits in the world. Now it’s come down a half from the 10 per cent we inherited ...

ANDREW MARR:

(over) You’re spending £90 million more than you’re bringing in at the moment and that ...

GEORGE OSBORNE:

This country’s still borrowing too much and so we have to go on making difficult decisions.

ANDREW MARR:

‘Colossal’ a fair word therefore?

GEORGE OSBORNE:

We have set out how we intend to achieve that. The £30 billion of savings that are required, the 13 of that that can come from government departments, the 12 from saving money on welfare, the 5 billion from making sure we tackle tax avoidance and evasion and aggressive tax planning. We’ve demonstrated in this parliament that you can make these sorts of savings and, by the way, have a police force that is cutting crime, have an education system that is teaching more kids in outstanding schools ...

ANDREW MARR:

(over) But the next ... Sorry.

GEORGE OSBORNE:

(over) ... have a health service where public satisfaction has gone up. So we can do these things.

ANDREW MARR:

(over) I understand all of that, but in the next parliament there are going to be very, very deep cuts. And, given that, are you still completely committed to the timescale and the actual scale of the 23 billion surplus that you're talking about?

GEORGE OSBORNE:

Well we have set out our plans and we intend to fulfil our plans.

ANDREW MARR:

(over) And that stays? That 23 billion remains in your head as the target you're going for?

GEORGE OSBORNE:

Well, as I say, the forecast will be produced next week and I can't talk about those in advance. But the plans we have set out are the plans we intend to follow through, which is the £30 billion of savings we expect to find in government departments; and, once we've achieved that, making sure we don't get ourselves into trouble again, making sure the state is affordable.

ANDREW MARR:

(over) Saving for a rainy day. But that £23 billion is not a figure that you're flinching away from?

GEORGE OSBORNE:

Our argument is we have to run a surplus in the good years, you know fix the roof when the sun is shining.

ANDREW MARR:

I understand that, yes absolutely.

GEORGE OSBORNE:

That was the tragedy we didn't do that before the crash. And as a result under that Labour government, we were so ill prepared for what happened.

ANDREW MARR:

But in those good years, if there is something like a 23 billion surplus, you've said that 7 billion of that is earmarked for tax cuts by and large for people earning more than £41,000 a year, which is a relatively large amount of money in this country. Is that really the priority that you've got – at the end of the next period of pain to give tax cuts to people earning £41,000 or more?

GEORGE OSBORNE:

No, we have two priorities. One is to increase the tax free personal allowance to £12,500 for everyone – that means taking people out of tax who are on the minimum wage – and also raising ...

ANDREW MARR:

(over) How are you doing on that?

GEORGE OSBORNE:

... and raising the higher threshold to £50,000, so only people earning £50,000 are paying the 40 per cent charge. Those are our priorities. We've set them out, we are explaining how they are consistent with the plan that we have set out. And by the way, these are not ...

ANDREW MARR:

(over) Paid for by big cuts.

GEORGE OSBORNE:

Andrew, these are not just nice things to have. You know this is all about making work pay. It's a fundamental part of our economic plan, it's a fundamental part of the welfare changes that we've made under Iain Duncan Smith. That it rewards people to go out and work and as a result there are 1.8 million more jobs in this country. The rate of employment in this country has never been higher. I mean that is an extraordinary achievement ...

ANDREW MARR:

(over) But meanwhile ...

GEORGE OSBORNE:

(over) ... and it is a credit to the British people and the British businesses that have created those jobs.

ANDREW MARR:

The British economy is growing again, but meanwhile those relatively deep ... big, deep cuts which are going to affect real people and cause real damage to lots of real people, you're saying we have to do that for the sake of the country?

GEORGE OSBORNE:

Well I don't accept ...

ANDREW MARR:

You don't think there's going to be any pain because of the cuts?

GEORGE OSBORNE:

Look I ... there are going to be difficult decisions, but I think what we've demonstrated ...

ANDREW MARR:

Difficult decisions for you, pain for other people.

GEORGE OSBORNE:

But I think what we've demonstrated in this parliament is a care for taxpayers' money; that if you reform public services, you can improve the delivery of those services. You can't have great public services like an education system and a National Health Service unless you have a strong economy and that we've given support and freedom to the people working in those services working so hard on our behalf.

ANDREW MARR:

If you won't acknowledge the word 'colossal' will you acknowledge the proportion –

that you've done 40 per cent and there's still 60 per cent to be done?

GEORGE OSBORNE:

Well actually we've set out five years of plans and we have two more years after that - £30 billion that parliament has voted on. We Conservatives have set out how to achieve that - 13 billion from departments, 12 billion from welfare, 5 billion from tax avoidance. I've not heard any plans from any other parties because I think they would take us back to the chaos of borrowing and spending and jobs lost and the economy back in crisis.

ANDREW MARR:

The 12 billion in welfare, you've set out some of that. You haven't really told us where most of that is coming from yet.

GEORGE OSBORNE:

Well we are going to set out our plans in the Comprehensive Spending Review later this year. But again people ...

ANDREW MARR

Now you ...

GEORGE OSBORNE:

... when people look at us, they say they've got a track record, they've shown they can deliver, they've shown they can turn this economy around. Now we face the critical choice: do we go back to the chaos or do we proceed with the competence of a plan that's working?

ANDREW MARR:

You've talked a lot about the Northern Powerhouse and you're clearly committed to the North and you've offered the big Northern cities more powers for their mayors and so forth. If they go along with all of that, if they accept your idea for greater devolution and working together, what do they get in return?

GEORGE OSBORNE:

Well I think this Northern Powerhouse is something we've got to build in our country because that gap between the North and the South has grown and grown over decades and governments of all persuasions have tried to deal with it and failed. The exciting thing at the moment is that more jobs are being created in the North and the Midlands than in the South at a faster rate. We've got to continue that. Well I think ...

ANDREW MARR:

Sure, but you need to link these cities more together, do you not?

GEORGE OSBORNE:

Yes I think you take these great Northern cities, which geographically are quite close to each other, make them bigger than the sum of their parts. Sorry make the sum of the parts bigger.

ANDREW MARR:

(over) With good transport links, yeah.

GEORGE OSBORNE:

Create great transport links, make sure we have high speed links across the Pennines, we're investing in Northern transport, investing also in science, in industry and in manufacturing in the North of England. And then we'll have a rival to London. Not because we want to pull London down – it's fantastic we've got one of the greatest capital cities in the world ...

ANDREW MARR:

(over) But we're going to see a rebalance ...

GEORGE OSBORNE:

... but we need more strings ... we need as a country to have more strings to our bow. We can't just rely on the strength of London.

ANDREW MARR:

So we're going to see a rebalancing of public spending in terms of infrastructure and

so forth to the North? That is coming?

GEORGE OSBORNE:

Well a big theme of this Budget is securing a truly national recovery – backing the Northern Powerhouse, connecting up all parts of our country, investing in science, industry and transport, making sure that we have a long-term economic plan for every part of the United Kingdom.

ANDREW MARR:

Okay. Can I just ask you about the pensions announcement today – that basically if you're about to be ... if you're going to retire in the future, then you can cash in the money and use it as you like, and that is now going to apply to people who are currently pensioned with an annuity?

GEORGE OSBORNE:

Well we've already given freedom to people saving for a pension. What we're going to do today is give freedom to the 5 million pensioners who have an annuity. Now for many of them, that will be the right thing to have. But some will want access to that money, so we're going to change the law. It's all part of trusting people who've worked hard and saved hard all their lives. It's all part of having a long-term economic plan where we build our country on savings and investment.

ANDREW MARR:

What about silly folk who blow it and then come straight back to you saying "I've spent it all on a fantastic Lamborghini which I've now crashed" or a holiday – I don't want to get Jeremy Clarkson on this one – "or I've been on a fantastic holiday. I've lost my money, Chancellor. What are you going to do about me now?"

GEORGE OSBORNE:

Well I just think that's a very patronising attitude to take towards people who have shown responsibility, saved through their ...

ANDREW MARR:

(over) Not everybody will be responsible.

GEORGE OSBORNE:

... saved through their lives, saved for a pension. Look what I'm saying is we've given those freedoms to people saving for a pension. Let's give the freedom to people who've got a pension, got an annuity – 5 million people. Many of them will want to keep that annuity. For some, however, they will want access to the money. By changing the law, we're trusting people who have worked hard and saved hard all their lives.

ANDREW MARR:

This morning Nigel Farage offers the Conservatives a possible deal. He says that if you agree to a referendum in/out on Europe this year, before Christmas, he will be happy to support a Conservative government – from the outside, not joining the cabinet or anything else. What do you say to that?

GEORGE OSBORNE:

Well it's just total nonsense. Voting for Nigel Farage makes Ed Miliband the likely prime minister and it means that instead of getting a referendum on Europe, you get no referendum at all. So that's what a vote for UKIP is all about and it's a fundamentally different situation from the SNP. You were asking Ed Balls about it. He again refused to rule out a deal with the SNP and everyone knows that the SNP ...

ANDREW MARR:

(over) ... unless you rule out a deal with ... Do you rule out a deal with Nigel Farage under all circumstances?

GEORGE OSBORNE:

Look we are going to get ... we are fighting for a majority. We need twenty...

ANDREW MARR:

(over) Okay so no deals under any circumstances with UKIP?

GEORGE OSBORNE:

... we only need 23 more seats to get that majority. And this is ...

ANDREW MARR:

(over) Same question to you. It's fair. Same question to you.

GEORGE OSBORNE:

(over) No, no fundamentally ... Nigel Farage – and indeed Ed Balls – are trying to muddy the waters.

ANDREW MARR:

Everyone's trying to muddy the waters.

GEORGE OSBORNE:

It's a fundamentally different situation for this reason. Nigel Farage is not going to win seats in the House of Commons. Even on ...

ANDREW MARR:

(over) Well he's going to win some surely?

GEORGE OSBORNE:

Even on his own estimation, even on his own boasts, he says he's going to win a small handful. The SNP are likely to win dozens of seats because of the collapse of the Labour Party. Ed Miliband can't be prime minister without the support of Alex Salmond and that creates ...

ANDREW MARR:

(over) But there may be circumstances ...

GEORGE OSBORNE:

... that creates an alliance between those who want to bankrupt the country and those who want to break up the country.

ANDREW MARR:

(over) Oh come on, you know perfectly well there are possible circumstances when the DUP and UKIP could, with the Conservatives, form a government or backing for

a government.

GEORGE OSBORNE:

We've got such a simple ...

ANDREW MARR:

It could happen.

GEORGE OSBORNE:

We've got such a simple argument in this election, which is you can choose the competence of David Cameron's leadership and the long-term plan that is working, or the chaos of all the alternatives ...

ANDREW MARR:

Okay.

GEORGE OSBORNE:

... and that is the choice we're putting to the British people in this election.

ANDREW MARR:

You can say the same words on your side that Ed Balls wouldn't or couldn't say on his side? You can say I rule out any deal with UKIP after the election?

GEORGE OSBORNE:

That is simply ... Even engaging with Nigel Farage on this is giving him credibility where he has no credibility.

ANDREW MARR:

Say those words and you change the situation.

GEORGE OSBORNE:

The truth is a vote for Nigel Farage is a vote for the Labour Party, a vote for Ed Miliband as prime minister, and it means no referendum on Europe. And people need to know that going into those polling booths.

ANDREW MARR:

This feels like a mirror conversation with Ed Balls, I have to say.

GEORGE OSBORNE:

But it, as I say, it's fundamentally because of the collapse of the Labour Party in Scotland ...

ANDREW MARR:

(over) The numbers may be slightly different, but you won't rule out ... You see they ...

GEORGE OSBORNE:

(over) ... there are potentially dozens of SNP MPs, nationalists who want to break up our country, and Ed Milband and Ed Balls are openly contemplating a deal to get themselves into Downing Street on the back of people who want to break up the United Kingdom.

ANDREW MARR:

Do you despise Nigel Farage? Do you dislike him? Do you regard him with contempt?

GEORGE OSBORNE:

No, I just don't think he's a credible participant in this election because all he does is open the door to a Labour victory; and all the things he says he wants to tackle – like a referendum on Europe or action on welfare and the like – are things that would get worse under a Labour government, the thing that he would facilitate.

ANDREW MARR:

There is now a low level political war going on between the Conservative Party and the defence establishment because you won't allow your colleagues to commit themselves to 2 per cent of GDP, the NATO target on defence. Why won't you do that?

GEORGE OSBORNE:

Well we are meeting our 2 per cent target and ...

ANDREW MARR:

(over) At the moment, but it's about the future, it's about the next 5 years.

GEORGE OSBORNE:

Look we've made big commitments in the future to grow the defence equipment budget, to spend £160 billion on the latest aircraft and the latest submarines and the latest equipment for our fighting forces.

ANDREW MARR:

(over) Yeah but, Chancellor, we're going around the world as a country saying to all the other NATO countries commit to 2 per cent of GDP on defence, it's really important for NATO, and you won't do it for us. Why not?

GEORGE OSBORNE:

Well we are meeting the 2 per cent target.

ANDREW MARR:

At the moment. I'm talking about the future.

GEORGE OSBORNE:

The right time to decide your defence budget is when you have a strategic defence review and you make an assessment of what Britain needs to pursue its foreign policy interests around the globe, defend its values ...

ANDREW MARR:

(over) But you've made long-term commitments.

GEORGE OSBORNE:

... to make sure that Britain is a presence in every part of our country as well.

ANDREW MARR:

But you've made long-term commitments about the NHS, about overseas aid. Why won't you do it for defence?

GEORGE OSBORNE:

Well I've made a commitment because the defence budget for equipment is something that needs multi...

ANDREW MARR:

(over) Fewer votes in it.

GEORGE OSBORNE:

... means many, many years of planning. We've made a commitment to grow the defence budget by 1 per cent. That's £160 billion committed to the latest ships, the latest submarines, the latest aircraft. I was in Portsmouth the other day ...

ANDREW MARR:

Okay ...

GEORGE OSBORNE:

... seeing the work being done to prepare for two of the largest aircraft carriers the world has ever seen that are coming to the Royal Navy.

ANDREW MARR:

Final question. So-called Google tax, is it actually possible to tax global companies who aren't paying their fair share of tax in the UK and still have them functioning as effective companies in this country? Google's a very popular company.

GEORGE OSBORNE:

Well I'm not going to refer to any individual companies. The short answer to your question is absolutely yes, we like multinationals being based here, we like them creating jobs here, but they should pay their taxes here as well. And we're the first government to take action. That tax comes into effect at the beginning of next month. We're absolutely serious in attracting investment, we're absolutely serious about

people paying their fair share of tax.

ANDREW MARR:

George Osborne, for now thank you very much indeed for joining us.

INTERVIEW ENDS

SOFA CHAT WITH GEORGE OSBORNE AND ED BALLS

ANDREW MARR:

The Chancellor is still with me and we're joined once again by his would-be nemesis Ed Balls. Welcome back to you both. Now one of the things that happened at the last election, we've had a long and very, very boring discussion about whether or not there'd be leader interviews, but the last General Election you debated with Alistair Darling and Nick Clegg. Would you do the same thing again with Ed Balls this time round?

GEORGE OSBORNE:

Well I'm sure they'll have a debate of the various finance spokesmen of the different parties - we had one at the last election – but I think it's sensible to let the broadcasters and the party leaders work out their plan and then we'll work out our plans. But I'm looking forward to it, Ed.

ANDREW MARR:

Ed, are you keen on this debate happening?

ED BALLS:

Of course and in fact I'd like to go further. George and I don't need the broadcasters to sort these things out. George is not a coward. David Cameron doesn't want a head to head with Ed Miliband, but I'm very happy – I will have a head to head debate, just the two of us, the two potential chancellors during the election campaign, and you can say now are you up for it?

GEORGE OSBORNE:

Well, as I say, I'm happy to have these ...

ED BALLS:

We can chat it out.

GEORGE OSBORNE:

... chancellors' debates as we did in the last election.

ED BALLS:

Come on George, let's go for it.

GEORGE OSBORNE:

Well I'm happy to meet you in a debate.

ED BALLS:

We should shake on it and go for it one to one, one to one.

GEORGE OSBORNE:

Ed, I'm not going to ... I'm happy ...

ED BALLS:

One to one.

GEORGE OSBORNE:

Well we're going to see who else wants to be a part of that.

ED BALLS:

(over) One to one?

GEORGE OSBORNE:

I've got a very effective chief secretary who I think would also want to be part of that debate.

ANDREW MARR:

Now you may not agree ...

ED BALLS:

(over) If only David Cameron was up for a one to one debate like George we'd be alright, but for some reason David Cameron's running scared.

GEORGE OSBORNE:

I think we should include Danny Alexander.

ANDREW MARR:

No, no, one to one. We just shook on it.

GEORGE OSBORNE:

Well ...

ANDREW MARR:

There is a horrible, horrible rumour going around Westminster that actually although you may disagree on various things, you get on very well. Is that true?

GEORGE OSBORNE:

Well I think ... you know I think we do get on reasonably well.

ED BALLS:

We've spent so much time on this sofa over the years.

GEORGE OSBORNE:

I wouldn't say we're the best of friends, but look I think in politics you do have to try and detach the personal from the professional. And look we have passionately different ideas about what needs to happen to the country, but that doesn't mean we should be uncivil to each other.

ANDREW MARR:

On that very happy note, you want to be best of friends.

ENDS