

PLEASE NOTE "THE ANDREW MARR SHOW" MUST BE CREDITED IF ANY PART OF THIS TRANSCRIPT IS USED

THE ANDREW MARR SHOW

INTERVIEW:

ED MILIBAND, MP

LABOUR LEADER

JANUARY 19th 2014

ANDREW MARR:

The Labour Party has had a very busy week announcing all sorts of new initiatives on banking and so forth. Red Ed has been accused in the newspapers of starting a new class war. He's certainly begun to fill the hole on the gaps in Labour policy on the economy and he's here to join me now. Welcome.

ED MILIBAND:

Great to be with you.

ANDREW MARR:

I don't know if you've been watching Benefits Street at all, but it's got the whole country talking. I wonder what your reflections on it are. Is there a problem of welfare dependency in this country, do you think?

ED MILIBAND:

I think there is an issue about a minority of people who could work, but aren't doing so, and that's why Labour has clear plans to say to every young person who's been unemployed for more than a year that they need to go back into work and we'll make sure they get a job, and every older person unemployed more than two years. But let

me say this also. I don't think we should demonise every person on benefits. I think there are lots of people who are looking for work, who are desperate for work, and who find that Britain is in the midst of a massive crisis of being able to find work in some places, a big cost of living crisis that our country faces, and that's why we're talking about the big changes we need in our economy to put those things right. I think we need big change in our country, Andrew. When I talk about the cost of living crisis, it's not just about the squeeze on wages; it's about insecure work, it's about the prospects for people's kids, it's about whether you can get houses at affordable prices. So there's big change that our country needs. I'm not going to settle for the status quo. We need that big change and that's what our plans are about.

ANDREW MARR:

And you want to break up a whole series of what you would regard as cartels in banking, in the housing market and elsewhere. Can you explain to your critics, first of all, how you can do this without causing a big hit to current values of banks and big companies? I mean I don't know how much money you think you knocked off the share price of the big banks by your announcement, but it was a lot.

ED MILIBAND:

Well let me set out the agenda because I think it is very, very important to get this ...

ANDREW MARR:

(over) Just before you do, how much money do you think you knocked off their share price?

ED MILIBAND:

I think share prices go up and down, but I think what really matters for our economy is getting the banking system right for the future. If we learn any lesson from the last few years, it's that a banking system that isn't working for the country has absolutely huge costs - not just the immediate crisis that we've seen, but businesses not getting loans. I was at a business on Friday, a micro brewery actually. They are expanding, but not thanks to their bank - because they went to their bank, asked for a loan, didn't get the loan from their bank and didn't feel they could go elsewhere. And that is the story.

ANDREW MARR:

So you want, you want ...

ED MILIBAND:

(over) Tens of thousands of businesses across the country have that experience and we've got to change that, we've got to change that.

ANDREW MARR:

Sure. Talk about your policy ...

ED MILIBAND:

(over) Let me just talk about why we've got to change it. Because unless we generate those secure, well paying jobs for the future, we're not going to earn and grow our way to a higher standard of living.

ANDREW MARR:

But to get there, you want to put a capital limit on banks, yes?

ED MILIBAND:

I want to have ...

ANDREW MARR:

(over) And you said this was like America. And what I was going to put to you is that the Governor of the Bank of England - Mark Carney, who's a Canadian - said it did not stop the banking crisis in America. In fact it might have made it worse.

ED MILIBAND:

Well let me come onto the important comments that Mark Carney made in a second. What I want is a test for the market share that any one bank can have in the personal account or small business lending market. And towards ... and straightaway what the next Labour Government will do is say we will create at least two new banks - sizeable and competitive banks - to compete with the existing banks on the high street. Let me answer the question of why we need more banks on the high street.

ANDREW MARR:

Are you sure there are people out there who can run these banks? I mean we don't want another Paul Flowers.

ED MILIBAND:

Well there are lots of people who want to come forward, but find they can't get into the market. And if we don't have that spur of competition, if we don't have other banks feeling that hot breath of competition, we're not going to get the service that we need for our businesses. And frankly, Andrew, this has been a problem not just since 2010, since this government came to office; not just since 2008. It's been a problem for decades in our country. Half measures, the status quo carrying on ...

ANDREW MARR:

(over) So there's going to be a banking revolution?

ED MILIBAND:

Well it's going to be a big change in our banks and I think that's frankly absolutely what we need. On Mark Carney's comments, look he - to be fair to him - was asked about my speech before I made my announcement. He made the point that simply a market share for banks on its own isn't enough. He's right. We also need greater portability of accounts, businesses and individual customers being able to move their accounts around more easily. That's really important for proper competition. So he's right about that: it's got to be a whole set of changes to make our banks work for our businesses rather than our businesses working for our banks, which is what so many of our businesses in this country feel they're doing at the moment.

ANDREW MARR:

Are you looking towards Germany who have a very different banking tradition of local regional banks who have a much closer relationship with businesses in Germany? Is that the kind of way you'd like us to go?

ED MILIBAND:

Yes, I think that's a really important point because in Germany they have a regional banking system, and part of Labour's plans for a business investment bank are to have

a bank in each region providing that service to small businesses on top of the service that the commercial banks are providing. And it's all part of saying how do we power this economy forward. You know the Conservatives seem quite complacent with the way the economy's going at the moment. I'm not complacent. I think there are people ...

ANDREW MARR:

(over) It's growing.

ED MILIBAND:

Well we've got growth back to about where it was in 2010, having had three years where we haven't had the growth. But, look, ordinary families are getting worse off; people are worried about their own prospects, their kids' prospects. It's not good enough for Britain, this. It's just not good enough and we've got to have that big change to actually earn and grow our way to a higher standard of living.

ANDREW MARR:

What about your critics who say that until you have really resolved the question of the deficit, which is why we've had these tough three years, you can't put together a proper and coherent economic strategy. Can I ask you whether if the Government bring in a deficit reduction bill at the end of the year, putting a limit on how much the deficit's going to be, Labour will vote for that?

ED MILIBAND:

Well we'll look at what the Government comes forward with. But let me just say on the deficit, the next ...

ANDREW MARR:

(over) So you might?

ED MILIBAND:

... the next Labour Government will get the deficit down. And we've said something, we've made a commitment that I don't think any opposition has made at this stage of a parliament, which is to say that in 2015/16, when we take office if we win the

election, we won't be borrowing more for day to day spending. Now the Government set out their spending plans, detailed spending plans in each area on that. Now that is a real... that's a tough commitment, Andrew.

ANDREW MARR:

(over) So you're going to ... That's a bit like the commitment Labour made at the end of the John Major government.

ED MILIBAND:

Well it is a tough commitment and it will involve cuts and difficult decisions and it's a sign of our seriousness of getting the deficit down. I think that we can make fairer choices when it comes to the deficit - fairer choices than this government.

ANDREW MARR:

Will you aim to eliminate the deficit in the next parliament?

ED MILIBAND:

We do want to see that happen, yes. We've said that we want ...

ANDREW MARR:

(over) Is that going to be a commitment?

ED MILIBAND:

What we've said: we want to get the current account into balance by the end of the next parliament and we want to see debt falling, and there are important things that Ed Balls has said. And it is part of Labour showing that when we come to office ...

ANDREW MARR:

Sorry, and you'll set a timetable and targets to do that?

ED MILIBAND:

We'll set out very clear plans, yes. But let me just make this point. It's a sign of our understanding that when we come to office, if we come to office after 2015, there won't be lots of real money to spend, things will be difficult. That's partly why the proposals I have on the economy - competition policy, banking - they're so important

to change things ...

ANDREW MARR:

(over) I want to come onto ... absolutely.

ED MILIBAND:

... because the task for the next Labour Government will be to earn and grow our way to that higher standard of living; not being able to engage in lots more spending.

ANDREW MARR:

I want to come onto competition policy in just a moment, but just on the deficit. In terms of the proportion that you're going to deal with in terms of cuts and tax increases, have you determined that at all yet? Conservatives are saying no tax increases, all cuts; Liberal Democrats somewhere in the middle. Are you all tax increases and no cuts? How is it going to be?

ED MILIBAND:

We'll set out our plans ...

ANDREW MARR:

You haven't decided yet?

ED MILIBAND:

We'll set out our plans at the election.

ANDREW MARR:

Because it's impossible to do that with just a mansion tax or some other form of wealth tax. You'd have to hit income tax as well. Neil Kinnock talked about bringing back the 50p rate as if it would settle the Labour Party policy. I didn't know that. I just wondered what your view of that is?

ED MILIBAND:

We want a fairer tax system. And, as you'd expect from an opposition, we'll set out our plans in due course, so that all the plans add up. But let me make this point: all of

our plans are fully costed, fully credible. Ed Balls has made the really important step of saying he wants the Office of Budget Responsibility to actually scrutinise Labour's plans. No other opposition has made that vow - that we'd say, look, we want an independent body to look at our plans to show they add up. Now unfortunately the Government is resisting ...

ANDREW MARR:

(over) When will we get the numbers from you?

ED MILIBAND:

We'll get them by the time of the election. And I make this point about the proposals we've already announced - for example, abolishing the bedroom tax, more childcare - all of them fully costed, all of them credible. And it's the approach you're getting from myself and Ed Balls: a clear sense of what Labour will do, how we will do it and how it all adds up.

ANDREW MARR:

But no sense of actual tax rates or anything for at least another year?

ED MILIBAND:

Well we'll set out our plans in due course and that's what you'd expect us to do, Andrew.

ANDREW MARR:

I'm an eternal optimist on the subject. Is Ed Balls safe in his job at the moment?

ED MILIBAND:

Ed Balls is doing a really good job; and, absolutely, I've said he's going to be the Shadow Chancellor going with me into the election. And, you know, look people have their critics. The thing I say to you about Ed Balls - he's got a clear sense of what this economy needs. He's working with me on tackling the cost of living crisis that we face and he's got the toughness to stand up to lots of people who want more spending ...

ANDREW MARR:

Okay.

ED MILIBAND:

... when actually it's going to be tough for Labour.

ANDREW MARR:

So you like him. He's a tough guy. Let's turn to the whole business of competition and so forth because you've got all these plans for trying to break up the banking system, breweries and pub ownership and so forth, and you want to put the consumers more into the saddle for this. Is that right?

ED MILIBAND:

I do. Look one of the things that has emerged when we've looked at what's happening in energy, when we've looked at what's happening in banking is frankly the public have been ahead of the politicians, ahead of the regulators, and we've got to make sure that we have a system in place to shine a light on broken markets. So the next Labour Government will have an annual competition audit - not just done by the regulatory body, but alongside them will be *Which?*, the Citizens Advice Bureau - providing the information, setting the agenda for the future, setting the agenda for how we can ensure competition to benefit consumers and businesses. And it's what I want to see, which is Labour going into the next election - the party of competition, the party of the consumer, the party of hard-pressed families, middle class families, working families who are really struggling and say we need somebody to actually deal with these issues - and that's what the next Labour Government will do.

ANDREW MARR:

So you're saying two things. You're saying that the competition authorities at the moment don't work; and you're saying these other bodies, which are not democratic (they may be very good but they're not democratic or political bodies as such) should be brought right into the centre of it to fix ...

ED MILIBAND:

I think too often regulators have been captured. Look, it happened in energy and you

know the regulator didn't stand up properly to the energy companies. We've got to change this; we can't have regulators captured. And we do need these bodies that actually know exactly what is happening in these organisations, are close to the consumer to have a seat at the table. And if I can just make this point, Andrew. You were talking earlier about President Roosevelt. He was a Republican, he was a Republican President. I think lots of people in Britain, lots of Conservatives will be thinking why is the Conservative Party not championing this agenda? Why have they become the champion of the big vested interests like the energy companies and the banks? It's Labour that is a party of competition, Labour that's taken this ...

ANDREW MARR:

(over) Well before we get fully into party political broadcast. ...

ED MILIBAND:

(over) ... agenda forward. But I think it's a really important point about how we change our country for the future.

ANDREW MARR:

So let me get this very clear: right across the board, competition authorities of different kinds aren't working. Are you going to bring in statutory regulation to change that; they'll have a statutory obligation to bring in *Which?*, the Consumer Bureau [sic]. Anybody else?

ED MILIBAND:

Yeah, we will legislate, we will legislate so that alongside the work at the table, at the heart of the work that the competition authorities are doing, *Which?* And the Citizens Advice Bureau are right there working with them, setting the agenda with a report to parliament. And also where the ministers have an area of responsibility ...

ANDREW MARR:

(over) When you say "right there" what do you mean?

ED MILIBAND:

Well I mean setting the agenda for what these bodies do.

ANDREW MARR:

So they will be in charge?

ED MILIBAND:

Well they will be working with these bodies on the agenda for the future. And it's really important, this, because unless you bring the consumer into the heart of these things, we're not going to get the change we need. We're not going to shine the light on these broken markets that we have.

ANDREW MARR:

So can we just be very clear? There is a regulatory body, choose any regulatory body. It has a board. And there'll be how many places on that board for *Which?* and the CAB?

ED MILIBAND:

(*over*) Just to be clear about this - it's for the overall work that the Competition and Markets Authority does. The Competition and Markets Authority scrutinises competition across the board. They'll be working with *Which?*, the CAB, and others, to say where are the others where competition isn't working; what are your members telling you about where we need to act?

ANDREW MARR:

Yes.

ED MILIBAND:

And they'll be sending a report to parliament ...

ANDREW MARR:

Okay.

ED MILIBAND:

... and it'll be framing the work for the years ahead.

ANDREW MARR:

Yes. At the moment these authorities do listen to *Which?* They read *Which?*, they listen to the CAB. I'm trying to get out what's actually going to change. Are they going to be on the board, do they have voting rights?

ED MILIBAND:

Well they'll be at the heart of defining the work programme for these organisations.

ANDREW MARR:

(over) What does that mean?

ED MILIBAND:

They'll be getting together.

ANDREW MARR:

Getting together.

ED MILIBAND:

They'll be setting out a report, each year - a report that will go to parliament defining the work that will be done by the Competition and Markets Authority with these bodies saying which areas do we need to act on? I'll give you one very practical example.

ANDREW MARR:

(over) What does "getting together" mean?

ED MILIBAND:

Well I'll give you one very practical example. We're going to be debating in parliament this week the issue of pub codes. Now people might think well what's the issue there. This is about pub landlords who find themselves tied to a concentrated set of interests. They find very little flexibility about how they can work. It's been a problem for years in Britain. It hasn't been dealt with. It's an area of competition that we should be shining a light on and there are ...

ANDREW MARR:

(over) That's an example, but it doesn't explain to me ...

ED MILIBAND:

... and there are plenty ...

ANDREW MARR:

... I'm sorry, it still doesn't explain to me at all exactly how this is going to work - whether the CAB and the Editor of *Which?* are going to be sitting on a board alongside the voting rights or not?

ED MILIBAND:

I'll be very clear about this. *Which?* and the CAB will be working with the Competition and Markets Authority to define a work programme for the year ahead. So they'll be saying which areas should we be shining a light on, which areas do parliament need to be acting in, what should we be saying to the Secretary of State for Business about the areas that need to be important? And we'll be bringing in other bodies like the Federation of Small Businesses and others and getting their thoughts on this area.

ANDREW MARR:

Will all trade unionists before the election have individual voting rights in the Labour Party or not?

ED MILIBAND:

Well, you'll have to be a bit patient about the changes that we're going to be making, but let me say ...

ANDREW MARR:

(over) Because you know that was the idea and it seems to be kicked into the long grass.

ED MILIBAND:

(over) Well let me ... No, it's certainly not in the long grass. Let me tell you where

we've got to. I want to change the relationship with individual trade unionists in the Labour Party. I want them to be able to make an active choice about whether they're affiliated to the Labour Party, so they can have a real voice in what we do, so we can be a party of working people.

ANDREW MARR:

(over) You've told me before. I'm just going to ... I'm really asking you, is it going to happen?

ED MILIBAND:

Well the changes are going to happen. I'm determined they do happen.

ANDREW MARR:

By when?

ED MILIBAND:

We've got our special conference in March, which I want to agree the changes that we make, and that will have changes, that will have implications for the way the Labour Party works.

ANDREW MARR:

And this will happen at the special conference this year?

ED MILIBAND:

Yeah, that's my expectation.

ANDREW MARR:

Right, thank you.

ED MILIBAND:

Thank you.

ANDREW MARR:

Ed Miliband, for now thank you very much indeed.

INTERVIEW ENDS