

THE ANDREW MARR SHOW

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AM: It's been a week dominated, of course, by those terrible events in Paris, but next week, pray god, we'll be talking about the economy instead. After the election George Osborne seemed to the Tories an untouchable political genius. After the tax credit defeat and poor borrowing figures it doesn't feel quite like that now, if you don't mind me saying so, Chancellor. Can we start by talking about Syria, however, the prime minister is going to come to the House of Commons with what exactly?

GO: Well, this week we're going to step up our diplomatic efforts, our humanitarian efforts, and make the case for a greater military effort against Isil. And the prime minister will seek support across parliament for strikes against that terrorist organisation in Syria. And look, frankly, Britain has never been a country that stands on the sidelines and relies on others to defend us.

AM: In the past people have said what we need is a comprehensive plan that involves diplomacy and politics as well as a credible war effort. Is that this plan?

GO: Well, that's precisely what the prime minister's going to set out this week in response to the House of Commons Foreign Affairs Select Committee, and obviously tackling this terrorist organisation involves efforts at home to deal with counter-extremism and make sure, you know, in our schools and public spaces, mosques and the like, people are not being radicalised. It requires a step-up in our counter-terrorist activity to make sure we can keep our streets safe. It also means diplomatic and military efforts to try and resolve the Syrian conflict, civil war. But I don't think we can wait for that civil war to end, personally, before taking the fight to Isil in its base, which is in Syria. And

that involves the RAF taking part, in my view, in the international efforts that are going on to degrade that organisation.

AM: So if this is a question of leadership, which it is, when are we going to actually see a vote in the House of Commons? Because up to now everyone's said, 'well, you've got to wait for a consensus.' You're not going to get consensus. You have to lead on this don't you?

GO: Well, the truth is this: in 2013 the House of Commons voted against military action in Syria. I think that was a terrible vote myself. It sent a very bad message about Britain and our unwillingness to confront our opponents around the world. But that happened. We're not going to go to the House of Commons and lose again. That would be a publicity coup for Isil. That would send a terrible message about Britain's role in the world. So we're only going to call a vote when we're confident that we are going to win that vote, and that requires –

AN: But surely Paris has changed everything hasn't it?

GO: Well, I suspect it is changing the views of those who've previously opposed Britain getting involved and British airstrikes in Syria. But let's see. You know, those who are never going to authorise or sanction or be part of any kind of British military action abroad of course are unpersuadable. But those who, you know, had doubts –

AM: John McDonnell didn't sound unpersuadable completely.

GO: Well, you know, it's up to the Labour leadership to make their position clear. I'm saying, you know, MPs of all parties want to hear from us, you know, how RAF strikes in Syria will be part of a broader strategy to deal with this terrible terrorist organisation. And there I think the UN vote in the last couple of days has

shown the world that there is actually a united determination to deal with this pure evil.

AM: And so when will we get a vote, do you think?

GO: Well, as I say, we will call the vote when we're confident we have the numbers to win it. I mean, it's as straightforward as that. But I mean –

AM: ... SNP, you're talking to the Labour Party.

GO: Essentially the timetable is this: in the coming week, the week ahead, the prime minister will come to the House of Commons and he will respond to the House of Commons Foreign Affairs Select Committee, that's the group of MPs who have looked into the broader strategy of Isil. He'll make the case as a government. We'll allow MPs to digest that response, and then we'll see where we stand.

AM: So we're talking weeks rather than months?

GO: Well, as I say, the first thing is to make the case that Britain is not a country that allows others to do its work for it. You know, this organisation, Isil, has killed British tourists in Tunisia, it has planned plots against our citizens here in Britain, it's killed people on the streets of Paris, it's blown up a Russian airliner, it's blown up people in Beirut. This is a threat against us all.

AM: Now we've heard some language in the papers today from government sources saying this is a question of Chamberlain versus Churchill. That's a bit much, is it, or is that how you feel too?

GO: Well, look I think there is a big question for Britain about whether we want to be a country that tries to shape the world or is shaped by the world. And I think for my generation, you know, I came into politics at the beginning of the last decade, you know,

the combination of the Iraq war and the big economic recession meant that Britain retreated within itself a bit.

AM: And the failure in Libya. I mean, there's been a fair number of western failures in the Middle East.

GO: Well, I – I think it's very easy always to count the price of getting involved, the price of getting involved in Iraq, in Afghanistan, of course the huge sacrifice of British lives...

AM: ..Libya.. the Taliban are coming back in Afghanistan..

GO: Well, you know, I'm saying –

AM: In Iraq..

GO: It's very easy always to –

AM: It's easy but it's true.

GO: What I'm saying, it's always easy to point to the cost of getting involved, including the sacrifice of British lives. What's sometimes more difficult to spot is the price of not getting involved. You know, and this country did not get involved, as indeed nor did other western countries, in the Syrian conflict earlier on, did not, in my view, do enough to put the pressure on the Assad regime, although David Cameron, myself and the government made the case for doing so a couple of years ago. And now we're seeing that there is a price for not getting involved, and I think we do need to get more involved, but of course we need the support of parliament to do that.

AM: With that glorious luxury of hindsight, the last defence review is starting to look like a bit of a mistake. It was a moment of embarrassment, I thought, for a lot of people in Britain when the French were able to send their aircraft carrier, the Charles De Gaulle, to the Syrian coast to prosecute the war against Isis. We don't have anything like that at all. So what are you doing to build up our defences?

GO: Well, five years ago we had to rescue the defence budget. It had a massive hole in it. All sorts of things had been ordered which the country couldn't pay for. And we focused on the priorities, and the priorities were getting the new aircraft carriers

built, getting new submarines that could defend our seas, making sure that our air force had the equipment they need. So we made those decisions –

AM: The carriers were originally built with a total aircraft component of eight planes. So what's going to happen now?

GO: So we are going to step up the aircraft carrier punch of the United Kingdom. We're going to make sure that when these aircraft carriers are available they're going to have planes that can fly from them in force. By 2023 we'll be able to have 24 of these jets, some of the most powerful in the world – the F35 – on the decks of these carriers, and Britain, second only to the United States, will be able to project power abroad in order to defend ourselves at home.

AM: One of the other big issues of course is policing. I wondered, did the events in Paris change you, in the middle of your review at the time, did those events change your view about what to do about the level of British policing?

GO: Well, look, I will come on directly to policing. I'd say this: in the summer budget, you know, we took the decision to increase our defence spending and to protect our counter-terrorism spending. Now, these were decisions taken before the terrible events in Paris, and of course those events in Paris have thrown a spotlight on the threat we face, but of course that threat existed before that terrible event. So when it comes to the spending review, we're going to make the argument that protecting the British people is our first duty as a government, economic security is a vital part of national security, and that precisely because we're making difficult decisions in other parts of our budget we can give our military more kit, we can increase our counter-terrorism budget by 30 per cent, and we can also take action to stop guns coming into this country and deal with gunmen on the streets of this country.

AM: So 30 per cent more for counter-terrorism. What about the actual police numbers? Because police were talking about there being a golden thread running between the counter-terrorism operation on one hand and neighbourhood policing on the other. 20 per cent cuts in frontline policing would put us over the limit wouldn't it?

GO: Well, of course the police do an incredibly important and brave job on our behalf. Every public service has to make sure it is spending the public's money, the people who are watching this programme's money, well. And there are efficiencies that can be made in the police, in how they buy their equipment, how they operate their back offices. We made savings in the police budget in the last parliament and actually the number of neighbourhood police officers went up and the proportion of police officers...

AM: ..but on the frontline sector of police the number of frontline policing went down by eight and a half thousand. And now we're at the point where if you impose 20 per cent cuts on the police you're going to lose a lot more frontline policing, and the former Home Secretary, John Reid, for instance, said that we would then be in a situation where there were fewer police in the entire country of Britain than the French brought into Paris alone in the wake of those terror attacks. That would be unconscionable, wouldn't it?

GO: Well, increasing the counter-terrorism budget by 30 per cent involves money going to the police as well as our security agencies to deal with terrorist incidents and make sure we can deal with...

AM: So we're not going to see those frontline policing cuts.

GO: Well, to make sure we can deal with marauding gun attacks, make sure we can stop the guns coming into the country in the first place, which is one of Britain's great advantages at the moment. And you know, what I would say is, you know, the resources are there to deal with the terrorist threat. Of course that threat is omnipresent but, you know, I'm absolutely confident we're going to have the resources to deal with it.

AM: A very straight question, very straight answer, are there going to be cuts in Britain's frontline policing as a result of the autumn statement?

GO: Well, as I say, every public service has to make sure it is spending money –

AM: Is that a yes?

GO: But we will make sure that Britain is properly defended against the terrorist threat. And look, I would make a broader point about this spending review. You cannot have national security without economic security. If your budget is out of control, if you're borrowing money that you don't have, you can't keep the country safe, whether on the streets of Britain or indeed in the Middle East. So it's a collective effort.

AM: I'm just very interested in actual police numbers and it sounds like there are going to be cuts.

GO: Andrew, what I'm saying is we're going to set out the Home Office budget like the other budgets on Wednesday. What I've announced today is a big increase in the resource we put into our counter-terrorism effort.

AM: I mentioned the working tax credit defeat at the beginning of the programme. Now the amendment passed by the House of Lords says that there must be full compensation, full transitional arrangements for all the families and the individuals involved for three years. Do you regard that as binding.

GO: Well, look, you'll see what I have to say about welfare spending on Wednesday, including on tax credits. I've said of course I'm prepared to listen to those who say can we ease the transition to this lower welfare, higher wage economy. But my central judgement are these: we need to make savings in welfare and indeed, largely unnoticed in the last week the House of Commons has just passed a multi billion pound saving in our welfare budget, and we also need to increase wages and that's why we're introducing a national living wage. So how we reach

that lower welfare, higher wage economy, I'm very happy to have that discussion.

AM; But you would prefer to have sent those letters out before Christmas, all the stuff the House of Lords – you'd have preferred your original plan was the best way to do it in your view still?

GO: Well look I set out the plans but obviously it didn't pass through the House of Lords and when I look at the various welfare reforms I've made over the last five years, such as changes to who could get child benefit, such as the welfare cap, on both occasions actually Parliament made changes to those proposals, but the end destination remained the same. So for me what's important is where we're getting to.

AM: of course, that's why I'm asking, because the Amendment that Baroness Hollis and others passed in the House of Lords has legal stature as far as you're concerned, so you can't ignore it.

GO: Well the House of Lords blocked the passage of the –

AM: with the Amendment.

GO: of the necessary legislation, but I said I was going to listen to the concerns that had been raised. There are essentially two groups of people. There are those who say we shouldn't be making any cuts to welfare at all, no savings, this budget should go up and up. That's John McDonnell's position. There are others who say look, we completely agree that we want to make savings in welfare, we want to increase wages but you've got to help families in the transition –

AM: This is too harsh they were saying. It's too fast, too harsh.

GO: They say, you know, can we help in the transition? Now I'm very willing to listen to those people. Of course those are perfectly legitimate concerns that they have raised and I've always been someone who thought it's not a weakness to listen to good arguments.

AM: All right, now I'm not going to press you for the details and stuff, you're not going to tell me, that's a waste of time for both of us, but just in terms of the parameters, the envelope if you like in which you're working. The welfare cut is presumably – the welfare cap is presumably sacrosanct, the overall welfare cap is sacrosanct.

GO: Well, if we were to breach that welfare cap, which is a new control we've put on government spending, we'd have to come to the House of Commons, explain ourselves, have a vote, that's the situation, but look the broad point –

AM: But you're still going for the 20 billion of welfare cuts that you talked about – 12 billions that you talked about in the past?

GO: Well, I'll set out the details on Wednesday but I'm pretty confident we can deliver what we promised the British people we'd deliver at the General Election which is, yes, savings in welfare, savings in government department but for a purpose which is economic security, the security that enables jobs to be created and living standards to rise in this country.

AM: Well if you're going to stick by your cap and you're going to stick by your 12 billion of welfare cuts and you've lost 4 billion of cuts that you wanted to make in benefit cuts, then presumably you're left with a series of extremely unpalatable and unhappy possibilities involving Disability Bill, if it's involving housing benefit, involving Family Credit and so forth.

GO: Well, as I say you'll have to wait for my spending review, but I think people will see a plan that delivers a lower welfare, higher wage economy. You'll see the public finances put into good order, so this country has economic security going forward. And you know I've read all these reports in the newspapers that I'm at war with various members of the Cabinet; I can tell you the spending review has been agreed, all departments have settled and all settled amicably. Nothing's had to be imposed, indeed this spending review has gone more smoothly than the previous two spending reviews I've conducted.

AM: But a few of them saw you off. Iain Duncan Smith saw you off over universal credit.

GE: Iain and I have worked together to make very substantial savings. As I say, unremarked upon, last week parliament passed a multi billion pound saving to the welfare budget that Iain and I worked upon, promoted at the Summer Budget and have now seen pushed into law.

AM: Now we've just seen what I think you'd agree were disappointing borrowing figures for October overall. You didn't get the tax money in that you were hoping for and government spending wasn't quite as tight as you wanted. What has gone wrong in simple terms?

GO: Well, first of all, you know, I remember coming on this show five years ago when I was doing my first Spending Review and everyone said, you know it's going to be a disaster and unemployment's going to go up and you're going to weaken the economy. We've had the strongest growth of any major economy in the world. We've had a record number of jobs being created. And you know that is the context of this spending review. But if you're telling me have we still got a borrowing problem, I'd say absolutely. Have we still got a deficit that's too high? I say I agree. That's what this spending review is all about. It's about making sure our country's secure for the long term so we've got economic security, national security, opportunity for our citizens. And without a sound economy nothing else that you talk about on this programme would be possible.

AM: Without hyperbolising wildly though you might end up borrowing 10 or 15 billion pounds more this year than you'd intended to do?

GO: Well the Independent Office for Budget Responsibility will publish its figures on Wednesday. I don't do the fiscal forecast anymore, that was an important change we made five years ago.

So yes, of course, borrowing is a challenge for this country. That is the context of this spending review. But what I think we've demonstrated with the supporting we're giving to our military, the support we give to our National Health Service, the support we do to fight counter-terrorism.

AM: ...the health service because as a government you've messed that up. I mean you know you've told the junior doctors, you've gone for this – in the election you went for this 24 hour seven day a week NHS but you didn't properly fund it.

GO: Well, the National Health Service budget is going up in real terms, we've made that commitment to the ten billion pounds extra for our National Health Service and of course we've got to make sure the money is well spent. I keep going back to this point which is you know, these public services exist for the people who pay their taxes to fund them.

AM: Final question if I may. The world has changed dramatically since you settled your spending plans with the Paris attacks and all that follows from that and things have changed and there's economic problems abroad. Do you think your overall plan for a surplus of 10 billion by the end of this parliament is still sensible? Actually you could save a lot of pain and you could improve the economy in the short term if you dropped that ten billion surplus. Okay, you've got to pay off the deficit, but why do you have to go into surplus at the end of this parliament?

GO: Well you know the precise level of the surplus will be set out in the OBR.

AM: So it might not be 10 billion?

GO: but the precise level of the surplus will be set out in the forecast on Wednesday. But I would make this observation. There's nothing painful about a surplus. The pain comes if you

borrow for ever, if you don't fix your national finances, then you don't have national security, you don't have a National Health Service you can fund, you don't have you know, education you can go on supporting.

AM: I'm just wondering if you're pushing it a bit too hard.

GO: I would put it the other way. If after a decade of economic growth Britain still is running a deficit, it begs the question –

AM: I'm talking about the surplus after the deficit.

GO: But the surplus you do – if you're not putting aside money for a rainy day then you're basically repeating all the mistakes that got Britain into this mess a decade ago, which was we spent money we didn't have, we assumed that was no more boom and bust, I don't make that assumption. Of course there will always be economic crises at some point in the future, you've got to make sure you're prepared for them now.

AN: It might be a figure lower than ten. We'll see anyway.

GO: Look, the forecast will be there on Wednesday.

ENDS