Andrew Marr: The government has missed its target on borrowing, it’s missed its target on the deficit, it’s missed its target on debt. This is a picture of economic failure, isn’t it?

Ruth Davidson: Well, you’ve just heard from Paul Johnson there that debt interest is no higher than it was. That we’ve brought down borrowing to its lowest levels in decades, from its highest levels post war. We’re two thirds of the way through cutting the deficit, that we’re on target for greater growth and that one of the underlying issues that we have about growth in this country has been productivity and that’s something that this budget has sought to address as well.

Andrew Marr: Okay, well let’s start with what we were promised as a country by your party in 2010, which was that the deficit would be eliminated in 2015. Can you remind us when the deficit will be eliminated?

Ruth Davidson: I think we’re bringing it down. Like I say we’re more than two thirds of the way through that process. That’s not just because of the hard work of the government –

Andrew Marr: But when?

Ruth Davidson: - it’s through the hard work of people that are going out to work every single day in this country. What we’re trying to do is ensure that we’ve got a balanced economy, so we can’t be criticised for cutting too much on the one hand, but not bringing down borrowing so much on the other. So it’s about
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trying to find that balanced way forward and I think that’s broadly what we’ve done.

Andrew Marr: You didn’t answer my question. The answer is on the current figures by 2031. That’s 16 years of extra indebtedness. A toddler watching this programme struggling with the remote control trying to turn over to CBBC will be a voter by the time –

Ruth Davidson: Turn over to where, Andrew?

Andrew Marr: Turn over to CBBC, you know, Telly Tubbies, all that stuff. That toddler will be a mature voter taking part in an election before this deficit is dealt with. That is a massive, massive failure by your government.

Ruth Davidson: Well look, the deficit was run up before we came to office. We’ve been bringing it down over time in a sustained and stable way. We’re making sure that, as your previous independent advisor that’s just been on the show has said that we’ve been doing that at a time of low interest rates so the debt interest is not any higher than it was around 10 years ago. We’re making sure that we’re building for the long term so we’ve got investments in infrastructure –

Andrew Marr: Okay, all right.

Ruth Davidson: - we’ve got investment in productivity. We’re building a Britain for the future, making sure we’ve got the housing that we need, the investment and skills that we need –

Andrew Marr: Ruth Davidson –

Ruth Davidson: - these are all long term positions that will carry us through forward.
Andrew Marr: Those sound great words but you said just a couple of years ago that by 2020 we’d be in surplus. There is going to be a £35 billion deficit then. That’s a terrible failure.

Ruth Davidson: Well look, what we’re saying is we’re bringing down the deficit that we inherited. We’re trying to do that in a sustainable way. Now we’ve got - the Labour Party have had Barry Gardiner just on who I think gave an extraordinary interview where he said that the Chancellor just had a very good budget. That he couldn’t tell you what Labour’s plans were on the economy. He couldn’t tell you what Labour’s plans were on Brexit. He couldn’t tell you what their options were. Well we inherited a mess from a government that didn’t know what they were doing, we’ve been sustainably bringing it down over time, we’re not charging the country any extra, we’re bringing it down, we’re getting over the hump this year of the debt to GDP ratio. This is the key year for that. We are the second largest - second fastest growing economy of major developed economies in the world last year, we’re investing in the long term in R&D, we’re investing in infrastructure, we’re investing in skills so that we can have future sustained growth. These are all positives.

Andrew Marr: Well I’m delighted that you’re going to answer some of my questions on Brexit, ’cause I was worried about that. But before I do let me remind you what Philip Hammond said in his first budget. He said: “It’s a privilege to report today on an economy which the IFF predicts will be the fastest growing major advanced economy in the world this year.” Where are we now?

Ruth Davidson: Well last year we were the second fastest, so we were one off.

Andrew Marr: And where are we now?
Ruth Davidson: Well, we’ve seen that those have been revised downwards. Now that’s disappointing, but we have consistently broken some of the forecasts in the future.

Andrew Marr: Okay. We’re joint with Portugal, right at the bottom. We’re right at the bottom of that table with Portugal.

Ruth Davidson: The last year that we had actual numbers for, not forecasts, not people that are trying to do futurology but where we actually had numbers were for last year, for 2016 we were the second fastest growing major developed economy in the world.

Andrew Marr: Now you talked earlier on, you used the P word, productivity which indeed underlies all of this, but productivity was something that has been a problem in this economy for a very, very long time and in every budget between 2010 and 2015 the word wasn’t even mentioned. Surely the Conservatives have been asleep at the wheel when it comes to getting productivity in this country back up again.

Ruth Davidson: Well it’s been a problem since before then too and I don’t think you saw either Alistair Darling or before him Gordon Brown mentioning it. But there’s lots of things that can help with that and some of the really key ones that Philip Hammond I think quite rightly put in his budget this year is to look at skills training, which is to look at some of the T levels that are going on in England. Obviously we don’t have those in Scotland but technical education. To look at infrastructure so we’re able to support businesses, to support growth. To invest in R&D to a greater level so that we’re able to bring in new technologies to help solve the productivity crisis, and I think also long term investment and Paul Johnson who was your IFS contributor just a moment ago – in his immediate reaction to the budget – and let me just get this one out ‘cause this quite important for people as a whole.
Andrew Marr: Well get it out quickly, if you wouldn't mind.

Ruth Davidson: Sorry. He said that we’re headed for 2.4% of our GDP to be put into long term investment. Now that’s the highest level for 40 years. Now even he said that that was remarkable at a time when there’s been quite – been great restrictions on the budget and that shows that there’s a real long term commitment here to building Britain’s future that can be successful going forward.

Andrew Marr: Okay. Lots of big abstract words, productivity and investment and so forth, but for an awful lot of people watching what really matters – and you've made this point yourself, particularly for people at the bottom of the heap as it were – is real wages. People going out, working their socks off day after day, week after week and real wages are going to carry on falling until 2025. That surely changes the entire political context to this country.

Ruth Davidson: Well, we’ve been making sure that the people who are on the lower wages have been having the biggest rises. That’s why there’s been a rise in the National Minimum Wage, it’s why there’s a rise in the National Living Wage. It’s why we’ve moved the threshold for when you start paying tax so your take home pay, the bit that you actually hold in your hand yourself is higher than before, and somebody who’s a full time worker on the National Living Wage is now £2,000 a year better off than they were in 2010. So that’s a real difference. It’s about 7% above the way in which inflation has been rising. So the people on the lower incomes have had the better turn if you like. Now I know it’s tough, I know it’s tough ....
Andrew Marr: And it’s going to be tough for a very long time, isn’t it? It’s going to be tough for a long time to come.

Ruth Davidson: But that’s why we’re doing more in terms of making sure the wages themselves rise but also we take less of it back in tax.

Andrew Marr: Let me turn to Brexit, because as we were saying on the show earlier on there is now a very clear choice in front of the country. It’s a kind of existential choice. The Irish EU Commissioner, the Taoiseach himself has said that he wants in writing an agreement that Northern Ireland will be part of some kind of customs union, possibly single market arrangement so there does not have to be any kind of hard border between the North and the South in Ireland. And on the other side the DUP on which your party in parliament down south depends, has made it absolutely clear that they will not put up with that. Now if there’s one thing we know about you is that you’re a Unionist, so what is your view of the situation? On which side of the fence do we have to jump?

Ruth Davidson: Well I think it’s a false dichotomy. I think that the Prime Minister has made it –

Andrew Marr: Oh, come on.

Ruth Davidson: - absolutely clear in her Florence speech that she doesn’t want to see a return to borders of the past. She doesn’t want physical infrastructure between North and the Republic of Ireland and she’s right to say that. But nor do we want to see – and nor should we see – anything that impacts on the territorial integrity of the United Kingdom as a nation.
Andrew Marr: I’m going to jump into that and ask you for a solution, because it’s not a false dichotomy. If there is – if Northern Ireland is in one situation with the customs union and the single market and the South is still part of those things there has to be some kind of border and nobody has explained how that will be avoided. So it’s not a false dichotomy, it is a real hard choice which has to be made by the government within the next two weeks. Which side are you on?

Ruth Davidson: Well look. This is all subject to negotiation. As you say we’ve got two weeks in which it’s going to get pretty towse, it’s gonna get pretty tough in that negotiating room. It doesn’t require commentators from outside Cabinet, outside government like myself to try and commit the UK government to one side or the other and I’m not going to do that on your programme, I’m sorry.

Andrew Marr: You’re behaving, if I may say so you’re behaving exactly like Barry Gardiner. You’re doing a Barry Gardiner, Ruth Davidson from Edinburgh.

Ruth Davidson: Well d’you know I’ve had plenty of insults thrown at me before but I’m not sure that that one’s gonna stick. I don’t think me and Barry are really from the same political tribe. However what I am going to go on to say –

Andrew Marr: I know but you attacked him for dodging this question, you’re dodging it too.

Ruth Davidson: Well, if you would let me go on to say, that we know that this is one of the really difficult nitty gritty bits of the negotiation and we understand that. But what we’ve been positing to the European Union is that we don’t have to have something that’s an off the shelf solution, because we are a different case to
any other country that interacts with the EU. Let me explain why that is. You know, we’re not Canada, we’re not Norway, we’re not someone else because we are the only country that has previously been a part of the European Union, that complies with every single rule and regulation of the European Union, that will then sit outside of it. So there are differences there. Now I know from ten years as a reporter before I was elected and you know from 30 some years of reporting on European negotiations that the people that walk up to the microphones and speak to their home audience don’t always reflect the negotiation and the progress that is going on in the room. When it comes to European negotiations it’s always a five past midnight job. So don’t think just because you’ve got members of the European Commission who have got you know absolutely a stated position to defend and I understand that and I accept that, that when they walk up to a microphone and they’re speaking to their home audience that that necessarily reflects the progress that’s going on in the room. Because you will see in two weeks time whether we’ve got a point where we can have this resolved.

Andrew Marr: And if we don’t get it resolved in two weeks time how serious is that for the entire Brexit negotiations? Do we need to get on to the transitional deal, do we need to get onto the trade talks with that agreement in two weeks?

Ruth Davidson: Well look. I think that it’s really important that we get the transitional deal nailed down. That’s not for the government, I think that’s for businesses so they know what they’re doing next year and they’re able to plan. But what I do understand is that if we don’t make it through in the next two weeks to move onto that next phase then we are rapidly going to run out of time in terms of getting us to a good position at the time that that transitional deal is supposed to take place.
Andrew Marr: So this is quite a hard deadline in your view?

Ruth Davidson: Well, it’s hard in the sense that it does constrict the amount of time we’ve got to do things if we don’t make it into the next phase. I don’t think it means that the world has ended, but I do think that it’s a setback.

Ends