

ANDREW MARR SHOW

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ANDREA LEADSOM

AM: Andrea Leadsom, welcome.

AL: Thanks.

AM: Now, of course we're talking today very much about Mark Carney and his intervention. Wasn't he right to intervene? I mean, after all, the Bank of England has responsibility for the overall conduct of interest rates and the economy. If we left and there was a downturn, we'd point and say, 'Why didn't you tell us?'

AL: No. It was an incredibly dangerous intervention. You know, the core job of the Bank of England is to ensure financial stability. That's it, that is their job. So to get involved with some kind of purely speculative what might happen, what might households do, what might businesses do, that's just not inside their remit. They're not there to promote financial instability, and that's what they've done.

AM: You think by simply raising the question of the pound falling as a result of a Brexit vote he has made it more likely?

AL: Totally. You know, this whole point – what a central banker should do is to say we have the tools to be able to deal with whatever the political decision is on June 23rd. And if he doesn't think he has the tools he should be privately talking to the Chancellor. What he's done instead is to come out with some nonsense which is totally unjustifiable, purely speculative stuff on what might happen in the event that we leave. And also only looking at the downside.

AM: Well, I mean, almost everybody seems to agree that there would be some kind of jolt if we leave. Even Boris Johnson has said there'd be a jolt to business. And in a sense, isn't his job to

warn us what's ahead if that's what he really thinks? And it was a unanimous report by the Monetary Policy Committee.

AL: Well, let's be very clear there. The governor signs off on these things. But also, you know, this is only looking at what doom scenario might be. It doesn't take into account of the certain fact that we will have a £10 billion a year independence dividend straight away, as soon as we leave the EU. That's a vast sum of money. It's enough, it's all of the five year dividend that the head of the NHS is looking for to keep the NHS on the road, for example, that's not taken into account. Nor, does it take into account the impact of people actually now being able to resist uncontrollable immigration. The impact on public services of remaining doesn't take into account that. There's so many issues it does not take into account.

AM: Now, we think, we don't know, we think the Monetary Policy Committee did discuss all of these things, but of course the full minutes are going to stay private and secret for six years. Do you think, after this intervention, we should now see those minutes published in full?

AL: Well, I would think that the processes will remain intact. But I suspect that the governor will be significantly regretting getting involved in politics, destabilising the markets in the exact opposite to the way he should do, and I'm quite sure he will be wishing he hadn't done it.

AM: Well, I guess when it comes to the economic risks some people will be saying, 'Yes, it was Mark Carney', but it's also been Christine Lagarde, it's been the IMF, it's been President Obama, it's been a whole series of big voices, substantial voices independent of British politics who have been saying the same thing.

AL: Yeah, I mean there is this big institutional ganging up on the poor British voter. But the truth is, these people, who are very rich, very successful, no skin in the game, and what they don't see is the poor British voter who is trying to get a decent primary school place, who's trying to get a doctor's appointment. Those are the people who are actually having to live with the consequences of being a part of this over-bloated EU bureaucracy.

AM: If I may say so, you yourself used exactly the same list of institutions, Obama, Christine Lagarde, Mark Carney himself, when you were defending the government's record against the Labour Party in the House of Commons. So why can we not listen to them now?

AL: Well, actually that's not the case in fact.

AM: Well, I've got the quotes here for you. As you may have guessed.

AL: Well, the IMF have absolutely got it wrong in regard to the UK economy. They were the ones who came out and said we should not sort out our public sector debt problem. And of course now they have in fact eaten their words. Their forecast was completely wrong.

AM: Alright. Okay. Andrea Leadsom, praising the importance of the opinions of Carney, Obama and Lagarde in the House of Commons to Labour's economic spokesperson Cathy Jamieson. You said, 'Perhaps she'd like to hear the views of Christine Lagarde, who runs the IMF,' and quoted the views of Christine Lagarde. And you said the same thing about Obama. You said the same thing about Mark Carney. When it suits you, you quote all these people in evidence because they are big authorities, and

when it doesn't suit you, you say they're ganging up on the poor British voter.

AL: I mean, actually specifically on the IMF, that was in the context of the fact that the IMF had had to eat their words for getting their forecast wrong. I mean, I've always been very clear: economic forecasting is to a large extent an art not a science. So therefore, for the Bank of England to get involved –

AM: A wet finger in the wind.

AL: Yeah, it really is actually. You know, it is crystal ball gazing. And maybe Mark Carney would like to say how many times the Bank of England has got their forecast spot on – it's not very many. The IMF likewise. You know, these people all said we should join the euro, the world would end, the City would implode if we didn't join the euro. Look at us. It's the most successful financial services centre in the world and we didn't join the euro. And aren't we glad we didn't? And you can bet your bottom dollar that Greece wishes they didn't too.

AM: One of your colleagues, Sajid Javid has written very interestingly today in the papers saying – he describes himself as a Eurosceptic, very, very against the euro and so forth, but the thing that has changed his mind and made him a Leave voter and a Leave campaigner, is the –

AL: Remain.

AM: A remain – you're quite right, well spotted. A Remain campaigner, is the single market, that when he looked at the effect of the single market, particularly on the service economy, he saw that a huge proportion of our exports depend upon it, and he determined that this was the right thing to do. He said, 'Of the

other 50 countries the EU has negotiated a deal with, not one has full access for service industries into the EU single market’.

AL: Well, in truth, over the last ten years UK exports to the EU have absolutely flat-lined to slightly gone backwards. The EU has been notoriously bad at intra-EU trade in services, not because there are tariffs in money terms, but because there are non-trade tariffs. So they put up boundaries and barriers to allowing UK access to the EU. So as a matter of fact the UK has done incredibly badly out of EU trade in services. Where the EU is better is in goods, and about 70 per cent of all intra-EU trade is in goods. So the UK has lost out big time. It’s simply not true to say that if we can’t get access to the EU single market we’ll be worse off.

AM: Well he says... Sajid Javid said, ‘Almost 80 per cent of British jobs are part of the service sector, with exports of £226 billion, nearly half of which go to Europe, but of the trade agreements and the EU has with more than 50 countries, not one gives service industries the same level of guaranteed access as the single market. Not one.’ He’s not wrong about that is he?

AL: Well, it’s much more complicated than that. So a huge proportion of that is financial services. Now, let’s be clear here, the UK is the world’s biggest financial services centre. There’s nowhere in Europe that even comes close. You know, we compete with New York, Singapore and Hong Kong. That will not change. So the EU needs UK financial services. This isn’t a sort of case of will they just say we’re not dealing with you anymore. They desperately need... you know, the UK accounts for 40 per cent of the EU’s wholesale financial services. There’s no way they’ll risk losing that.

AM: So, it’s seriously important on both sides.

AL: Very, very important, yes.

AM: But, that comes back to the single market. 'The single market is of considerable value to many UK companies and consumers and leaving would cause at least some business uncertainty, while embroiling the government for several years in a fiddly process of negotiating new arrangements', so diverting energy from the real issues and so forth. Do you agree with that?

AL: No. I mean...

AN: That's Boris Johnson.

AL: Okay, well the point is that at the moment we have no tariffs between us and the EU...

AM: Well, because we are in the market.

AL: ...We've spent 43 years aligning our goods and services with them. So negotiating a free trade agreement will be as easy as we want it to be. It's not as if we're India, where the history and the culture and the trade terms and so on are very, very different. They are completely aligned. So actually the negotiation...

AM: So you think it will be a fast, easy negotiation, is what you're saying.

AL: Totally. Absolutely.

AM: Okay. One other area, because you know the City so well. Lots of these banks, very often the American banks, J.P. Morgan, Morgan Stanley, Goldman Sachs and others say very clearly that if we vote to leave they will have to move their headquarters out of London and into either Frankfurt or Paris. One of their bosses said to me, 'The only choice I then have is Frankfurt or Paris.'

AL: Complete rubbish, Andrew. I mean, the passporting...

AM: Explain to us why.

AL: Because, you know, the UK trades more dollars than in the States. The UK is a massive global financial services centre. Just Canary Wharf, one tiny bit of it, is bigger than the entire Frankfurt financial district. Outside of London, we have masses of financial services centres – in Birmingham, Manchester, Edinburgh, Aberdeen, even Bournemouth, even Northampton. You know, this is a huge, vast industry. It's not going anywhere. Follow the money. The Deutsche Bourse in its merger with the London Stock Exchange will be based in London. Hong Kong and Shanghai Banking Corporation, a huge bank...

AN: So we shouldn't really worry at all.

AL: ...they've just done their study on where to be, they're staying in London. We've got to follow the money, stop listening to what people are saying about it.

AM: Let me ask you just one other thing if I may. Over the course of the last couple of weeks, a story about Conservative election fraud in various by-elections and general election constituencies, has been kind of bubbling along and is becoming louder and louder and louder. Eight police forces are now investigating. Isn't this something really serious now for the Conservatives?

AL: Well, you know, it's quite clear, the Conservatives, as did all the other parties, had battle buses, and they all made those expenses claims according to the national campaign rules. And the Conservative Party does not believe they've done anything wrong.

AM: But the allegations are only against the Conservatives, as I understand it.

AL: Yeah, I think you're right. But you know, the Conservative Party does not believe that any rules have been broken. And so you know, this bubbles on but genuinely, in all conscience there is no belief that anything has been done that's against the rules.

AM: Andrea Leadsom, thank you very, very much indeed for joining us today.

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