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THE ANDREW MARR SHOW

INTERVIEW:

DAVID CAMERON, MP

PRIME MINISTER

JANUARY 10th 2016

AM: In Shakespeare's day politicians who got too close to continental Europeans tended to lose their heads. Not a problem, I'm sure, for my next guest, the prime minister. Much Ado About Nothing, the Tempest? We'll see.

DC: Well, it's the future of this blessed plot, this earth, this realm, so –

AM: But that speech is about England going to the dogs, by the end of it. Can I – I mean, you're right in the middle – thick of these negotiations. Just give us first of all a kind of update on where you've got to mid-January.

DC: Well, it's hard work but the areas I've identified are the things that actually drive us up the wall about Europe that we need to deal with: let's make sure we're not part of an ever-closer union, I think we're on the way to getting that fixed. The idea that Europe must add to our competitiveness not take away from our competitiveness. Making sure this isn't just a single currency club but it's flexible enough for countries like Britain with our own

currency. And then dealing with this issue of the abuse of free movement and the pressure of migration from the EU on to Britain, by amending welfare rules. You know, it's hard work. I'm hopeful of a deal in February, and if we do that we can go ahead and hold the referendum. But I think really here there is a huge prize for Britain, if we can deal with the things that drive us up the wall about Europe we can get the best of both worlds and actually secure our economic future inside this valuable market, and also help to keep our people safe by staying together with our close allies and partners as we confront extremism and terrorism. So it's a massive prize for Britain if we can get this right.

AM: But it sounds like you think you might get it wrapped up in February, which means we could get a summer referendum.

DC: That is, you know, that is what I'd like to see, is a deal in February then a referendum that would follow. But you know, you're dealing with complex negotiations. I think some people think it's the migration bit that's the most difficult and the others are easy. Well, certainly migration is difficult, but the other areas are not simple and straightforward either. But my aim is clear, best of both worlds for Britain, a massive prize of sorting out what frustrates us about Europe, but staying in a reformed Europe, and that prize is closer than it was and I'm going to work round the clock to get that done.

AM: And just to be clear, so people understand, if you don't get it wrapped up in February, because of all the timescale problems and the summer holidays in Scotland and so forth, we'd be looking at a referendum probably in September or October.

DC: Or later. You know, look, I have to have this referendum by the end of 2017, that's now the law of the land. In the last general election you had people sitting on your sofa here saying

it'll never happen, they'll never deliver the referendum. We've legislated for it, it must happen by the end of 2017. To me, the substance matters much more than the timing. So if I can't get the right deal in February I'll wait and I'll keep going and keep plugging away, because this is such an important issue for the future of our country, and if we get it right there's, you know, so much benefit that we could feel from that.

AM: Turning to the substance then, this idea of a four-year ban on European workers coming into this country before they can take in-work benefits, that was in the manifesto, it's been very important to you, it's still on the table, I understand. But Mr Tusk and many others say the problem is it's illegal under European law. Francois Hollande, and I think Angela Merkel, have both suggested a three-year delay rather than the four-year, and I don't quite understand the difference, but is that something that's possible?

DC: Well, there are a lot of suggestions being made. My position is very clear: the four years remain on the table until I can see something equally powerful and meaningful, because it's the goal that matters to me, which is at the moment our welfare system acts as a sort of extra additional, almost unnatural draw for people to come to Britain, and we need to be able to address that. You know, we have a welfare system, unlike many in Europe, you have instant access to, and it's that that creates the difficulty. So I'm in the middle of the negotiation, I can't give a running commentary on it, but I'm confident we can get a good outcome.

AM: At the risk of getting the same answer, the Poles are saying at the moment – it's the Polish Foreign Minister, I can't pronounce his name, I suspect neither can you – but what he says is if Britain supports Poland in getting more NATO troops into Poland, possibly British troops – because he's very worried about Vladimir

Putin – then that might be a quid pro quo which allowed Poland to back us.

DC: All I can say –

AM: It seems a very strange deal.

DC: - I read a lot of things in the newspapers that look like very interesting and possibly worthwhile suggestions, but I don't always recognise what they are. I mean, it's true that Britain supports having NATO troops in Poland. In fact, British troops exercise regularly in Poland and we're going to see an increase in that. But no, what needs to be done here is a difficult tough discussion about that combination of free movement and welfare, to get a good deal for Britain, something equally powerful to the four years or indeed the four years itself.

AM: So you sound very sympathetic to the Poles on that. Is that in any way linked to our negotiations?

DC: It's certainly not in any of the conversations I've had, it hasn't been the case. We've talked about – we've talked about all issues when I – I've made several visits to Poland. But as I say, some of the things I read in the papers don't absolutely come in line with what my own experience is –

AM: It has been suggested, prime minister, that because of EU legality, one way round the four-year problem would be that British workers could lose benefits, which would seem very bizarre indeed. Is that a possibility?

DC: Well, my whole aim is to make sure that the unnatural draw of the UK welfare system, the problem we're trying to address is that – I'll give you some figures. You know, 60 per cent of those who come from the EU to work in Britain are actually jobseekers,

they don't have a job when they arrive. Some 40 per cent of them then get, you know, serious support through the welfare system for the jobs that they do. Sometimes we're adding, you know, 7, 8, 9, 10 thousand pounds to their income.

AM: To deal with that, to ensure there isn't discrimination between EU citizens, which is the legal problem, we might have to remove benefits for four years for British workers.

DC: Again, I'm afraid you're playing – I'm in the middle of a negotiation, I've got hard work to do, and I, you know, when I've got an announcement to make I'll make it.

AM: Okay. But your critics in the party say all of this in the end is actually smoke and mirrors, it's camouflage, David Cameron is determined that we'll stay in the EU almost under any circumstances and he's determined to lead the IN campaign when it comes.

DC: Well, I'm determined to fulfil what we put in our manifesto, which is the renegotiation, the referendum. I think the best answer for Britain is staying in a reformed European Union if we can get those changes. But as I've said before, and happy to say again, if we don't get them I rule nothing out. By saying nothing out, I absolutely mean that. You know –

AM: They sort of don't believe you though, do they?

DC: Well, they – not everyone sits with me in those negotiations. I've been to 42 European Councils since being prime minister. I think I know what can be delivered, what can't be delivered. I feel we have got this – a very substa- if you stop and ask people what is it that bugs you about Europe, a lot of people say, 'well, I do feel there's too much of a political union.' I say let's get out of that. People would say, 'well, are we more competitive in Europe

or less?' I'm saying we've got to fix this, Europe should be signing the trade deals with the fast-growing parts of the world, completing the single market, making sure regulations come down rather than go up. You know, these things are the sorts of things people actually want fixed in Europe, and you know, if they were easy to fix, believe me, I would have fixed them by now.

AM: Coming out of Europe would be a huge thing for us, massive, massive problems. So if this is a genuinely open question presumably we have plans, as the government about what would happen if Brexit occurs.

DC: We have plans for our renegotiation, referendum, and then of course –

AM: Then the possibility of leaving.

DC: - then the British public will make their decision, and we must obey that decision whatever it is. That is the nature of a referendum. It's for those who –

AM: Are you as a government prepared for the possibility of us leaving the EU?

DC: Well, I don't think that is the right answer, for the reasons I've given, but were that to be the answer we would have to do everything necessary to make that work. This is, you know, we put it in the manifesto, it's the public who will decide this, not the politicians.

AM: Are the civil service working on a contingency for this?

DC: The civil service are working round the clock to support my renegotiations.

AM: The answer is no, I suspect. And Ministers are not allowed to work on the contingency for Brexit, which suggests to a lot of people inside the machine that there is no expectation that we will leave the EU. It is smoke and mirrors.

DC: No, it's not smoke and mirrors, because there's a very serious negotiation agenda. This is not simple or easy. All of the four areas I'm talking about, whether it's sovereignty, whether it's the strength of national parliaments, whether it's adding to Europe's competitiveness, whether it's dealing with migration, all of those are difficult. And the civil service is working to help me deliver those things. Now, if we fail to deliver them and we have to take a different stance, then that's a new situation. But I'm clear in politics what my goal is, my goal is renegotiation, referendum, secure Britain's place in a reformed European Union.

AM: Will the British parliament be sovereign after these negotiations?

DC: Yes. The British parliament is sovereign now actually. We made that clear in a Bill in 2010, that if the British parliament wants to alter its arrangements it can. I mean, the British constitution, as I was taught, can be summed up in eight words: what the Queen enacts in parliament is law. And that is, as far as I'm concerned, whether we're in the EU or out of the EU, that is absolutely crucial. If we need to reaffirm that even more, if we need to put it up in lights, happy to do so. Because I think it is important. I often say to my European colleagues, you know, Britain is not, you know, difficult or prickly about these matters, we're just immensely proud of our long history of strong democratic institutions. We joined Europe for trade, for cooperation, for working together. We do not want to bury ourselves in some sort of European super-state. And that is why already, you know, Britain's not in the single currency, we're not in the Schengen no borders system, we'll never sign up to a

European army. These things are important for people to know. There is a very strong patriotic case for engagement in the – on the continent of Europe, from a British perspective.

AM: We have talked about this quite a lot, we talked about this a year ago and a year ago I said to you what about Cabinet Ministers who take a different line? And you were very clear, you said, no, no, Cabinet is collective responsibility. I can remind you of what you said.

DC: Well, I – I – actually I've looked very carefully at what I said a year ago. What I said, I was on your programme actually only as recently as October, and I said in October the decision about collective responsibility will be taken at the conclusion of the negotiations. Well, I hope we're close to that and that's why I've said what the decision will be. And frankly, Andrew, that's always been my intention. You can't ask people who have, you know, very long standing held and sincere views to campaign in a different way. And so that's what will happen. As – of right.

AM: There are people in your Cabinet, I think, who will vote to leave whatever happens, a few of them, and there are other people who will wait and see the results to negotiations. How much does it matter to you than you win over the majority of the Cabinet to your negotiations?

DC: Obviously I want to have –

AM: I mean, these are Theresa May...

DC: I want to have as many people supporting the side that I'm on, whichever side that is, when the time comes as possible. And let me make this clear, because I think it's important. The government's not going to be sort of neutral about this issue, with people on one side or on the other, my intention is at the

conclusion of the negotiation, the Cabinet has a discussion and reaches a clear recommendation to the British people of what we should do. I hope that we'll be staying in a reformed European Union, because I would have got a good negotiation for Britain, and at that point a clear government position that I'm saying, you know, members of the Cabinet, Ministers who have long standing held views on a different basis, they'll be able to campaign in a personal capacity.

AM: And come back again afterwards?

DC: Of course, yes, absolutely. They won't leave, as it were, they will remain ministers, and they will – very much as happened on previous occasions.

AM: You may have heard Tim Montgomerie earlier on, some people are concerned that at the moment it's okay if you're in the Cabinet to come out, as Philip Hammond did, and say, 'these are the reasons why we want to stay in Europe,' but it's not okay to come out and say, 'these are the reasons why we want to get out of Europe.' So in a sense people who are pro your position are able to speak, people who are against your position are still muzzled until the negotiations are over.

DC: I think that's a wrong premise to the question, in a way, it's not my position, it's the position of the whole government.

AM: Nonetheless, Iain Duncan Smith can't come into that chair and make his case for leaving the EU, if that's what he believes, without risking his Cabinet position.

DC: Because the position of the whole government is that we should renegotiate, hold a referendum, and the best outcome would be to keep Britain in a reformed European Union. That is the position of the government, so anyone sitting in this chair from my team should be making that argument. But at the point

at which we've completed the negotiation people who take a different view will be able to do so. I think that is fair, sensible, reasonable. It's very much what happened in the past and I think it's – and obviously at the end of the referendum the Conservative Party has to come back together, and so it's very important these are – these discussions will be conducted in a reasonable way.

AM: All around the country I can hear the tinkle of people throwing their mobile phones at their television sets and 'get onto something else,' they're saying. Let's move to the council estate issue that you've announced today. You want to demolish a lot of council estates, can you explain the plan?

PM: Well it's a very straight forward plan which is, we've got an economy now where we are generating hundreds of thousands of new jobs. We've got rising wages, we've got taxes coming down. There are, you know, good prospects for people. But we've got too many people in our country who are you know stuck, left behind, sometimes permanently left behind and if we're really going to have a more – a society with greater equality of opportunity, greater chances for people we've got to deal with the things that hold people back. Now we've done a lot to help with poor education with the reforms in the last parliament and we continue. But I think sink housing estates, many built after the war where people can feel trapped in poverty, unable to get on and build a good life themselves, I think it's time, with government money, but with massive private sector and perhaps pension sector help, to demolish the worst of these and actually rebuild houses that people feel they can have a real future in.

AM: With greater intensity of housing as well?

PM: In some cases. The odd thing about the - some of these high rise blocks and the way that they've been structured is actually

they don't provide a huge number of houses and in fact by demolishing them you might be able to provide better houses and more houses at the same time.

AM: But here's the really crucial question is what they do provide traditionally is social housing for rent. People at the bottom of the heap. Will there be as many social housing units for rent after this project as there were before?

PM: Well there's always going to be – depends on how you define...

AM: because I think that you're cracking down on social housing.

PM: No we're not – I want affordable housing and when people hear that term –

AM: Ah, but that's a different term.

PM: No, no, but when people hear that term they often think the government means oh that's affordable for me to buy. That's great. I can become a home owner, I can achieve my dreams. And then they discover that actually for years affordable housing has only meant housing for rent. I think we need both, but frankly yes, we should have a big shift towards more affordable housing to buy. Of course you always need some affordable housing for rent, but most people in our country –

AM: Well that was coming down

PM: you know getting a job, getting together with a partner they want to have a home of their own, a flat of their own.

AM: They certainly do.

PM: and you know you've got this great vista of London behind us here in London, the average house price now is you know £500,000. We've got to build more houses

AM: £90,000 sometimes for a single flat in some of the vista behind me and all the rest of it, so lots of people can't afford to buy their own homes, they need somewhere to rent and the trouble is with the new Housing Bill and this proposal is there is less and less social housing of a traditional kind, more and more private rented housing and the rents for that are going up, housing benefit is staying the same, a lot of people are having a really tough time.

PM: But look at what the government's doing. Changing the planning system so we build more houses, doubling the housing budget, because we're putting – making that our priority. Introducing far more shared ownership so you can own a share in the house and pay some rent as well. And then these new starter homes, which will be 20% off the market price, available for people under the age of 40, just as we promised in our Manifesto. And then of course help to buy which has been a massive boost for people to be able to get on the housing ladder because we're helping them affectively with their mortgage.

AM; For those people watching who are in what we used to call council housing on a rent they can just afford and all the rest of it, can you promise that by the end of your term there will be as many such places for them as there are now?

PM: Well I want to build – we'll be building more, but the key thing is –

AM: of those kind of properties.

PM: Yes, and the key thing for people in those properties is that we're giving them the chance to buy them. And people stop me on the streets and say all sorts of things but recently I've had so many people say please, get on with this right to buy. I live in a housing association flat, I rent it, I'd love to be able to buy it. And we're going to deliver that and that will create you know potentially over a million more home owners.

AM: Over the last year right to buy takes a lot more social housing out of the market, out of the country than it puts in. I mean I think 2 thousand new social housing units came in in 2014-2015 as opposed to 12 thousand which left social housing because of the right to buy. So for those people who don't want or can't afford to buy the number of properties they can rent is going down and down and down.

PM: That's why in an Amendment to the Housing Bill put forward by Zac Goldsmith who will be our mayoral candidate, we've actually got this policy that for every one of these high cost social houses that we sell we're going to build, you know, two, at least two new rental houses. You know in London, if you look behind us you get sometimes council houses that become vacant that are worth 500, 600, 800 thousand pounds and as they become vacant what we're saying is let's sell those houses and use that money, sometimes up to a million pounds or more, use that money to build new homes, some for rent and yes, of course, some that are affordable for people to buy. I don't - you know -

AM: You mentioned just now the economy and you're very upbeat about it. There seems to have been a very, very marked change of tone if you like from the Autumn Statement where £27 billion appeared from behind - I'd love to have that sofa myself but from the back of the sofa and so forth and there's generally a sort of sunny air. Things didn't need to be quite as tight as we thought to

what the Chancellor was saying just this week about a cocktail of risks ahead for the British economy. Why has the mood changed so radically?

PM: Well it's right to warn of the difficulties that we face in the world. We've got a slowing Chinese economy, we've got this dislocation obviously in the Middle-East. You know there are a number of concerns in the global economy. I think it just reinforces our point that you must stick to the long term economic plan, keep getting the deficit down, keep making sure that Britain is competitive and I think it was a very powerful speech on that basis. But the record is –

AM: You talk about external threats but unfortunately there are internal threats too. We have something close to an asset bubble at the moment. We talk about housing, housing you know in the south east particularly, house prices have been shooting up all around the country and there is a sense – that one thing we know about a bubble is that it eventually bursts. We also have a country which has very, very heavily over borrowed on the domestic scale. Domestic borrowing is now higher per household than it was before the crash. I just wonder how alarmed you are about the asset bubble, about the amount of money that people are borrowing on their credit cards and against mortgages?

PM: Well you have to look at borrowing as a percentage of income rather than just borrowing figures alone, but you know this was why – these sorts of concerns are why we gave the Bank of England you know the proper independence and ability to sort of call time as it were on excessive levels of borrowing in banks, building societies or in the economy at large.

AM: But they are worried –

PM: and they are – rightly, they've taken some steps already. We've had these very low interest rates for a very long time. They've already taken some steps on the mortgage market to try and make sure that people aren't taking out mortgages they can't afford. In the budget we took steps to deal with the buy to let phenomenon which I think, you know does need to be kept under control.

AM: Personal debt is the highest debt is the highest since 2008 at the moment. Interest rates we think are about to go up again, are you not concerned that we're heading towards something quite nasty?

PM: What I think we need to do is make sure government plays the right role. Get our own borrowing down, and we're doing that. Making sure the economy keeps moving forward, and we're doing that. Making sure that there are jobs for people to take and now you see jobs with rising salaries and of course lower taxes so people are better able to service any debts. But crucially –

AM: So you're not worried about the borrowing issue?

PM: Well look, I worry about everything. That's my job.

AM: They're thinking should I be cutting back on my borrowing. What does the Prime Minister think?

PM: Well don't – you should take advice from financial advisers. I'm not – and also listen to what the Bank of England says. That's why we gave it this role. You know we identified this in opposition as a real problem, that there was no clear authority responsible for the overall level of borrowing in the economy and to warn when things were getting out of control. We now have a highly capable independent Governor of the Bank of England which an amazing track record across the world and we've vested

in that organisation the ability to you know, to deal with excessive levels of borrowing and I think we should listen to them and let them set the interest rates.

AM: That highly capable man is also very worried about what we used to call the balance of payments deficit, or the current account deficit as it's now called. In basic terms we are not paying our way in the world. We are not selling enough in goods or services to pay our way in the world. To that extent the economy remains fragile.

PM: Well we need to do better. We've seen – you know if you take China we've seen you know a doubling of our exports I think since I've been Prime Minister, but there are other markets we're doing less well. So yes, a very big export drive is a key part of our plans, but you know, we shouldn't talk ourselves down. Today we were the star economy of the G7 in 2014, we looked like leading the pack along with America in 2015. We created over 2 million jobs -

AM: (Over) I'm testing the extent.

PM: - since I became prime minister. So there's a strong economy that is resilient, borrowing's coming down, but obviously all of the risk factors we face - are we productive enough? Are we exporting enough? Are we building enough houses?

AM: No. No. No.

PM: Well exactly, and I'm not defensive about those things. You know, we've got a majority, we've got a strong government, we've got a strong economy, we've got a very capable Chancellor, we've got a brilliant Governor of the Bank of England, we've got a team that can one by one address all of these challenges. One of them for instance was very low business

investment in our country. You're now seeing really good growth in business investment because people believe that the British economy is strong and can get stronger and they're investing.

AM: We're just coming to the news but a couple of foreign affairs quickies if I may. We were told when we were going to war in Syria that the crucial thing were these fantastic new Brimstone missiles the Americans didn't have but we did. How many of them have actually been fired?

PM: Well the focus has been in Iraq even since the Syria vote. It's been on the attack on –

AM: (Over) The answer to my question is none, isn't it?

PM: Well it's been the attack on Ramadi. That is the key thing and you know, you know change these conflicts with the use of one or two missiles in one or two weeks, this is going to take a very long time, as I always said.

AM: All right. Saudi Arabia. 47 people executed by the Kingdom last week, some of them terrorists, not all of them terrorists. Some of them perfectly ordinary peaceful demonstrators who were grabbed by the police, given a secret trial and them beheaded. Now the government's response was that this was 'disappointing'.

PM: That wasn't what I said.

AM: No, your minister said it was disappointing.

PM: The last time I looked I was the prime minister and I condemned it roundly on the television.

AM: Okay. Is there any more we can do about it than condemning it, saying we're against it, because we have very very tight ties with Saudi Arabia now.

PM: Look I think we have to ask ourselves a more profound question which is do we – yeah of course we should condemn it, of course we should – we have many disagreements with Saudi Arabia, their internal politics and their policies are not the same as ours and we make that very clear to them. But there is a bigger question, Andrew, which is do we think it is necessary to have a strong relationship with Saudi Arabia for our own safety and security? My answer to that is yes and frankly you can sit here and have a foreign policy based on issuing press releases, here, there and every – or you can have a foreign policy based on trying to keep our people safe and frankly I know what my job is.

AM: All right. For now prime minister, we'll talk after the news, but for now thank you very much indeed.

ENDS