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# **THE ANDREW MARR SHOW**

## **INTERVIEW:**

**VINCE CABLE, MP**

**BUSINESS SECRETARY**

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**ANDREW MARR:**

Now if there's one politician who's scarcely out of the news at this moment, it has to be my next guest, the Business Secretary Vince Cable. Allies are talking him up, as you've just heard, as a replacement to the Lib-Dem Leader while he's also reported to be exchanging text messages with Ed Miliband. All that and dealing with a reshuffle that's seen heavyweight Tories moved into his department, so not much time to practice the ballroom dancing for which he has an impressive reputation. Vince Cable, thanks for joining us. In a famously leaked letter that you sent to the Prime Minister back in February - I've got it here - you say, you make the strong point that: 'There's still something important missing,' you say, 'a compelling vision of where the country is heading beyond sorting out the fiscal mess and a clear and confident message about how we will earn our living in the future.' Is that what you are seeking to provide this week in your new industrial strategy?

**VINCE CABLE:**

Very much so, alongside the other announcements that have been made by my colleagues. We've had housing and planning. Tomorrow I'll be announcing initiatives on deregulation, getting rid of red tape; and Tuesday setting out very clearly what we mean by an industrial strategy. And that's the point here, that there are absolutely key

industries - cars, aerospace, life sciences, some key services sector digital industries - where we need to think long-term, and that's beyond any one parliament, any one government. And you also need partnership between government and the private sector ...

**ANDREW MARR:**

*(over)* So what kind of ...

**VINCE CABLE:**

... and things like skills and technology, and that's what this is about.

**ANDREW MARR:**

Well I was going to say, what kind of things does thinking long-term mean because, presumably, you're not going back to picking winners in the 1970s way and you're not going back to direct attempts of the government to be involved in industry. That's up to the people who know how to make the money. So what does it mean?

**VINCE CABLE:**

Well you're quite right, you know we're not trying to direct and we're not trying to prop up companies, that are affected by changing technology and markets, that's certainly true. But if you look at the experience of companies like ... countries like Germany or Korea, Finland or even the United States, you know they do recognise that you need long-term planning and you need collaboration between the public and private sector of key areas like technology. I mean one of the things this government's done has set up this chain of innovation centres (we call them catapults) in key areas like advanced manufacturing and life sciences and new renewable technologies, and we need to work with the industries involved over the long-term. They are trying, for example, to build up their supply chains in the UK, bringing them back. We lost a lot of industry overseas. We're trying to bring them back in a coordinated way. Or things like skills development. I mean if we're going to get this country back onto long-term [...] we need lots more engineers, we need apprentice craftsmen. And this has got to be planned. It's not going to happen spontaneously.

**ANDREW MARR:**

Do you think we've been naïve in the past therefore?

**VINCE CABLE:**

Yes, I think so. I think there was a sort of belief ...

**ANDREW MARR:**

*(over)* Why has it taken two years ...

**VINCE CABLE:**

... that all you just need to do is to let things happen and they don't, and most other countries accept that government and business has got to work together.

**ANDREW MARR:**

Why has it taken two years to get to this point?

**VINCE CABLE:**

I think a mixture of things. I think we now realise we landed ourselves three or four years ago in the most terrible crisis - collapse of the financial sector, banking, massive personal indebtedness, ballooning deficit. It wasn't just a one-off problem; there was a deep-rooted problem. One of the underlying symptoms - that we allowed our manufacturing sector to decline by far too much - but bringing it back, of course you can't just wish these things out of the sky; it's a long-term process.

**ANDREW MARR:**

You've got more Conservative ministers in your department now, including Michael Fallon who gave an interview this morning to The Sunday Telegraph. In that, he says that he's going to have a new "bonfire of regulations". Is that something that you'd like to see too?

**VINCE CABLE:**

Well Michael Fallon's a very, very able and experienced politician. I'm sure I shall work very well with him, as I do with the other Conservative ministers in my department. We are scrapping regulation. We have a one-in, one-out system that

saved business roughly a billion pounds.

**ANDREW MARR:**

*(over)* He wants to go further than that, doesn't he?

**VINCE CABLE:**

Well I do too.

**ANDREW MARR:**

Yuh?

**VINCE CABLE:**

I mean I think there is far too much red tape. I mean if you just take two areas, for example. There's an enormous amount of red tape around the whole immigration system, permits for workers, visas for people coming from China, students. There is a lot of tax complexity and if I'm allowed to wield my axe in those areas, I will be delighted to do so.

**ANDREW MARR:**

But the phrase "bonfire of regulations" is one you'd be happy with?

**VINCE CABLE:**

Yes, I would, providing it's done in a properly, carefully considered way. A lot of regulations are necessary.

**ANDREW MARR:**

What about making ...

**VINCE CABLE:**

Let's just finish the point. They're necessary for the environment, for worker protection, for consumers. That's got to be balanced, of course, against the cost of business, but we will burn a lot of regulation but in a rational way.

**ANDREW MARR:**

What about making it easier to fire people?

**VINCE CABLE:**

There are already reforms which I've introduced to the tribunal system that get rid of a lot of the bureaucracy around labour disputes, but I've set myself very firmly against a hire and fire system. It isn't necessary. We had a report ...

**ANDREW MARR:**

*(over)* You're talking about the Beecroft Report for those ...

**VINCE CABLE:**

*(over)* There was one specific proposal called No Fault Dismissal that we consulted on. We sought the views of business and there was very little support for it. Let me just finish. The world competitiveness survey this week judged that Britain is increasingly one of the most competitive countries in the world, and the main reason they gave was that we have highly competitive labour markets. Despite the stagnation over the last few years, we've created, certainly under this government, 900,000 private sector jobs. That can't happen unless you have very flexible labour markets, so ...

**ANDREW MARR:**

*(over)* It's just that ... I'm sorry to come back to the name again, but Michael Fallon makes it clear that he is in favour of this as it were no fault dismissal system and ...

**VINCE CABLE:**

*(over)* He doesn't say that actually.

**ANDREW MARR:**

Well I can give you a quote, which makes it pretty clear that that's what he's in favour of. He says he wants to make it easier for people ... Let me find it here. Asked about it, he says, "It will make employment easier, it will simplify the process of employing people. Where they underperform, it will make it easier, where relationships break down, easier for the relationship to end." And that's what ...

**VINCE CABLE:**

*(over)* Yes well that's not ...

**ANDREW MARR:**

... and he's being asked about that Beecroft Re...

**VINCE CABLE:**

Yes, that's not what no fault dismissal involves. We are introducing a system of settlement agreements, we're bringing this into legislation, that does help business to end those relationships, but on a more consensual basis than Beecroft was proposing. And it is very important that we do these things in a way that doesn't massively undermine people's sense of security.

**ANDREW MARR:**

Right.

**VINCE CABLE:**

There is job insecurity. We don't want to add to it and that's why we're not going down the no fault dismissal line.

**ANDREW MARR:**

And so if proposals come forward to make it easier to fire people, which you think will increase their general sense of worry, instability in the labour market, you will make sure that does not happen however many Conservative ministers you've got around you?

**VINCE CABLE:**

Well of course and I'm responsible for the policy.

**ANDREW MARR:**

Yeah.

**VINCE CABLE:**

Michael is a very good minister, [...] given him substantial responsibilities. He's not

actually responsible for employment law. But we will proceed with reform of employment law where it's necessary.

**ANDREW MARR:**

And you don't feel slightly uneasy yourself in terms of the number of Conservatives of strong views who've arrived in your department and are sitting all around about you?

**VINCE CABLE:**

No, I like working with intelligent people with strong views. It actually makes politics more interesting. And I've already had them. I mean I've got David Willetts who's also in my department. A very, very able and likeable Conservative...

**ANDREW MARR:**

Yes.

**VINCE CABLE:**

... and we work together. I know I will with the new team. And I've got a very, very good Lib-Dem Minister, Jo Swinson, a very able young woman, and we have a very good relationship.

**ANDREW MARR:**

I think people are still unclear about exactly what's going to happen in the greenbelt with the new planning regulations and so on. Your leader's talked about a constellation of new garden cities around the country. Give us your sense of the scale of what's going to change, including greenbelt land.

**VINCE CABLE:**

Well there were several proposals in respect of planning and housing. The most important in my view was the proposal to use the government balance sheet to provide ten billion of guarantees for social housing bodies, housing associations, to build affordable homes - often in partnership with the private sector. In addition, there are changes to planning rules. But planning is a very, very complex mechanism. You're dealing with a balance all the time and the government's reformed planning

made it simpler. This will take it one step further. But we're not throwing out the whole system of planning controls because you do need land ...

**ANDREW MARR:**

*(over)* So you're going to preserve the most beautiful parts of the countryside. That's going to carry on?

**VINCE CABLE:**

Yes, but there has to be intelligent flexibility. I mean if you're in a city like Cambridge that wants to expand and it's held back by unnecessary regulation, you know that the local council wants to overcome quite apart from the government, then we want to make it easier for them.

**ANDREW MARR:**

So what about the environmental agenda which we heard so much of from your party? I mean again and again and again - and indeed from David Cameron it has to be said - before the election. Has that sort of become a casualty of the economic crisis?

**VINCE CABLE:**

Well it mustn't, no it absolutely mustn't. I mean when I started talking in this conversation about thinking about the long-term, environmental policy is absolutely fundamental to that. This government's actually achieved a lot already. I mean I spent yesterday talking to people involved in environmentally friendly vehicles. You know the government's put a lot of money into this, a big revolution's taken place. I'm running the Green Investment Bank which is up and running. We've got real achievements. They mustn't be undermined and certainly my party will make sure within the coalition that we absolutely stick to this commitment about the greenest government ever.

**ANDREW MARR:**

Lots of people say that it isn't so much planning that's the problem; it's getting money out of the banks, and businesses still can't get the banks to hand over loans. Now there is going to be a new government business bank, but The Financial Times, for instance, said it was more like a call centre for existing systems - no new money,

therefore no new lending overall. Is it really a big enough idea given the scale of the problem?

**VINCE CABLE:**

Well it's only part of the solution to what is a massive problem. It certainly is a lot more ambitious than you've just described it. I mean the problem is we had a complete collapse of the banking system. We had some of the biggest banks in the world which have gone down. And dealing with that involves better regulation, it involves splitting the banks, which is what we're doing - separating out the casinos from the retail banks. It involves support for new lending. It is certainly true that the banks have retreated.

**ANDREW MARR:**

Yes.

**VINCE CABLE:**

They were reckless (or some of them) and they're now ultra conservative - partly because regulation requires them to be. We've provided guarantees, we've got the new funding for lending scheme, this new business bank.

**ANDREW MARR:**

But you must be frustrated at the result ...

**VINCE CABLE:**

I'm very frustrated. No, I'm very frustrated. Whenever I meet groups of business people, they tell me about the horrendous experiences they have with the banks.

**ANDREW MARR:**

Yes, yes.

**VINCE CABLE:**

And it's also getting our state owned banks or semi-state owned banks performing more effectively and supporting the economy. That's a key part of it too.

**ANDREW MARR:**

Are the wealthy paying their fair share at the moment?

**VINCE CABLE:**

I think wealthy people could contribute more.

**ANDREW MARR:**

They should be contributing more?

**VINCE CABLE:**

I think so. I think there is massive wealth inequality in the country. I do believe that entrepreneurs should be properly supported and we've introduced things like entrepreneurs relief to CGT. But I continue to believe that we need effective wealth taxation. It's why I continue ...

**ANDREW MARR:**

*(over)* ... mansion tax?

**VINCE CABLE:**

Indeed. And I was delighted to hear that Ed Balls has eventually signed up to that. A welcome conversion.

**ANDREW MARR:**

I gather you text with the Labour Leader Ed Miliband. Is that the kind of thing you talk about?

**VINCE CABLE:**

Very, very occasionally ...

**ANDREW MARR:**

You do?

**VINCE CABLE:**

... I have met and communicated with him, as I do with quite a lot of people across the political spectrum. It's actually grown-up politics actually and I don't know why people get so excited about it.

**ANDREW MARR:**

But your connections with people in the Labour Party remain there. They've said again and again that they couldn't work with Nick Clegg. Do you see yourself potentially as the Liberal Democrat Leader who could work with the Labour Party?

**VINCE CABLE:**

No, I'm not different in any way from Nick Clegg. I'm happily part of his team and that's not changing. I am part of this coalition government, totally committed to working in it. Nothing changes. But I do have perfectly businesslike, amicable relationships with members of the Labour Party and other parties. I see no problem in that. That's grown-up, that's sensible, and I continue to operate that way.

**ANDREW MARR:**

And perfectly businesslike and sensible ambitions one day perhaps to be leader of your party? I mean you've said actually the days when everyone had to be younger and younger as leaders have gone.

**VINCE CABLE:**

Yes. Well I've no ambitions in that area. I've actually been leader of my party for a

...

**ANDREW MARR:**

Briefly, briefly.

**VINCE CABLE:**

... relatively short period of time. I've been there and done that and I'm getting on with my job in government and I'm happily working with Nick Clegg. That's not an issue.

**ANDREW MARR:**

Alright. Overall the business position remains very, very bleak and difficult in this country. Is the scale of what you're going to be announcing this week big enough because there are a lot of criticisms that you know actually you're so constrained fiscally, there's so little apparently you can do? Aren't you obliged as it were to go much further in the deregulation, bonfire of regulations and so on area than you perhaps would be attracted to philosophically as a Liberal Democrat simply because of the scale of the problem? You know everything has to be chucked at it, including deregulation, including making it easier to hire and fire people and all of that?

**VINCE CABLE:**

Well I said I will happily deregulate where we need deregulation and where red tape is a problem - and it is in some areas - but that doesn't solve the underlying problem of growth. The problem of growth is that we have a very serious shortage of demand. It's nothing to do with those supply side measures basically. It's a demand issue. We have genuine difficulties in the traditional ways of demand reflation because of the fiscal position. We've inherited this massive deficit. I argued in opposition as I do in government that we've got to have a businesslike plan for reducing it, which is what we're doing, so we've got to look for other ways of supporting the economy and the government is using guarantees, the Bank of England does much of the heavy lifting, and the Chancellor has actually been intelligently flexible in the way ...

**ANDREW MARR:**

Okay.

**VINCE CABLE:**

I mean Ed Balls was criticising him for the fact there's more borrowing and that's surely a sensible and pragmatic way to deal with the slowdown?

**ANDREW MARR:**

One local question given where your constituency is in the West of London like Justin Greening, like Zac Goldsmith who are very much against the Third Runway at Heathrow. This is now building up into a massive political issue even though it's been kicked into the long grass with an inquiry. Would you relish seeing Boris Johnson, for

instance, as your new neighbouring MP, fighting alongside you shoulder to shoulder, and is this a resignation sized issue for you?

**VINCE CABLE:**

Well I think he's just been elected Mayor of London for the next four years, so I don't expect to see him as a neighbour.

**ANDREW MARR:**

Well he's kind of an ambitious, frisky fellow.

**VINCE CABLE:**

But dealing with the issue, I mean this isn't a parochial local problem for South West London. There are about two million people potentially affected by this. There is an absolutely clear coalition commitment not to expand Heathrow. There is a very formidable political coalition against it. My party is totally opposed. Boris Johnson, London Conservatives are opposed, the Labour Party seems to be moving against it. So I don't think it ...

**ANDREW MARR:**

That's quite a coalition, alright.

**VINCE CABLE:**

It's not going to happen, so the value of this commission that the Prime Minister's been talking about is looking at alternatives.

**ANDREW MARR:**

Alright. Thank you very much indeed for joining us for now, Vince Cable.

**INTERVIEW ENDS**