ANDREW MARR:
Nick Clegg told supporters at the conference rally here last night in Glasgow that the party should be proud of its achievements in government, but their opinion poll rating is less than half what they achieved before the General Election. They’ve lost about a third of their party members and their one-time strong base of local councillors has been smashed. I’m joined now by the Party Leader and Deputy Prime Minister, Nick Clegg. It’s not a great record really, is it?

NICK CLEGG:
Cheery introduction.

ANDREW MARR:
Cheery introduction, cheery day.

NICK CLEGG:
Well no but I mean what I said of course about the need to be proud of what we achieved is something that I think many people in the Liberal Democrats share because what we have done is very unusual. Firstly we have formed a coalition, the first proper coalition in living memory, controversial though that is. I think it was the
right thing for the country given that we were teetering on the economic edge, if you like, back in 2010. But then we’ve taken the opportunity as well as the central mission of repairing and reforming and recovering the British economy to deliver some really important, progressive, liberal advances in taxation - taking three million people out of paying any income tax, higher state pension, more apprenticeships, more money for kids from disadvantaged backgrounds in the school system. These are things that I think we are rightly proud of.

ANDREW MARR:
Your central message is of course we’ve fixed the economy, we’re fixing the economy, but your own Treasury Minister, Vince Cable, has said some very … I mean he’s not the sunniest natured man in politics admittedly, but he’s been right a lot before and he thinks, like many, many economists, that we’re now facing another housing bubble and can’t see the point of the Right to Buy, the Help to Buy Scheme being applied to the South where house prices are already shooting up again.

NICK CLEGG:
Well I think what Vince said of course is absolutely right - that given the sorry history of asset bubbles in the British economy, we need to be vigilant, and of course we’re going to be vigilant. But, as Vince will be the first to acknowledge, we are nowhere near yet the peak of that unsustainable housing bubble. Mortgage, mortgage …

ANDREW MARR:
(over) But you can see what’s happening to prices.

NICK CLEGG:
Can I just finish? Mortgage approvals are about half of what they were at the peak. House prices in real terms are about 25 per cent of what they were at the peak. We clearly have parts of the housing market and Vince was making this point - particularly in London and Central London - that are booming. But that is not the case, for instance, in my part of the world in South Yorkshire, in Sheffield. So I think what we’ve done on housing - and this is the most important thing, in my view, much more important than the specific design of a scheme here or there - is that we’ve started the painstaking job of building more houses. The great crisis in housing in
Britain for years is that we simply don’t build enough new houses and we don’t build enough affordable houses. And that’s why again I’m proud of the fact it does take a while to get going …

**ANDREW MARR:**

*(over)* So be clear …

**NICK CLEGG:**

*(over)* But can I just … because this is really …

**ANDREW MARR:**

*(over)* … you’re happy with the Help to Buy Scheme being applied to those parts of the country where house prices are already shooting up and everybody is warning of another bubble which will burst?

**NICK CLEGG:**

Well let’s remember, if there’s another bubble, the Bank of England and indeed the Government, of course we have means by which we can anticipate that and ensure that that doesn’t happen again. But it is very important at the same time to remember that the first part of the Help to Buy Scheme is all about making sure that you provide funding for the building of new houses, and it’s the lack of building of houses in sufficient numbers that has blighted our housing market for far, far too long. That’s what creates this great sort of volatile … this volatility in prices, and that’s why …

**ANDREW MARR:**

Now …

**NICK CLEGG:**

But can I just finish? On the issue of providing mortgages to credit worthy borrowers, we’re not talking about encouraging banks to irresponsibly lend 120 per cent mortgages. We’re just saying that for credit worthy first-time borrowers …

**ANDREW MARR:**

You’re putting a little bit more air into the bubble?
NICK CLEGG:
We’re putting a little bit more air into giving credit worthy customers the ability, not irresponsibly, to borrow money in order to get their feet on the first rung of the property ladder. There is nothing wrong with encouraging people to do that because …

ANDREW MARR:
(over) And Vince thinks it could go pop, but you don’t?

NICK CLEGG:
No, what I’m saying is clearly in parts of the country, notably Central London, the housing market is now marching forwards, but you can’t set a national policy - neither the Government, nor the Bank of England - based only on what happens in Kensington and Chelsea. You have to think about all the other households. And, as I say, your laser like focus, certainly mine - and that’s why for instance tomorrow we are debating a motion in the Liberal Democratic Party conference saying that we should relax some of the strictures on local authority, so that they can play a greater role in building more affordable homes in their local areas - that’s the way that we make sure we have a sustainable recovery and a sustainable approach to housing as well.

ANDREW MARR:
Now you started by saying we have this great progressive record, great liberal progressive record, but that’s of course only part of the story. What about the fact that, for instance, people on benefit have had their benefits uprated below the rate of inflation; they’ve actually got poorer during the course of this government? What about bedroom tax or, if you prefer, the spare room subsidy?

NICK CLEGG:
Sure, well …

ANDREW MARR:
What about you know the cap on benefits per household?

NICK CLEGG:
Yeah.

**ANDREW MARR:**
All measures which I think most Liberal Democrats out there would have opposed, but you have gone along with in government?

**NICK CLEGG:**
Yeah, well I think the first thing I would say is that at the outset of this government, we took a decision - very much supported, co-authored by me and by the Liberal Democrats - that even though we had to make these huge savings because of this vast black hole in our public finances, amongst the biggest in the whole of the developed world, we would protect …

**ANDREW MARR:**
Which is still growing, of course.

**NICK CLEGG:**
Yes, well but that’s a different matter. That’s why we need to stick to the long-term plan to get rid of the so-called structural deficit by 2018. But we decided that, notwithstanding that, we would protect spending on the things that we really cared about: the NHS - protected spending; schools - protected spending …

**ANDREW MARR:**
But what about the people at the bottom who really are very vulnerable?

**NICK CLEGG:**
But can I, but can I … Pensioners, the uprating of the state pension - we’ve protected that, in fact uprated it in cash terms by the largest amount ever. Welfare constitutes a very significant part of public expenditure, so clearly once you take those decisions you have to find some savings. We’ve asked the police to make savings of 20 per cent, including on welfare. And the nub, the heart of our welfare reforms proposals - of course I accept some of them are controversial, there are some of the individual measures that I don’t relish …
ANDREW MARR:
(over) Harsh - harsh as well as controversial perhaps.

NICK CLEGG:
Well … But can I just, can I just … The nub of it is to increase the incentive to work. And the combination, for instance, of saying that you cannot as a household receive more on benefits than if you are earning £35,000 before tax if you are working - that, combined with the incentive tax system because of the Liberal Democrat policy such that you keep all the money that you earn …

ANDREW MARR:
(over) You see I don’t see anything … Okay.

NICK CLEGG:
(over) … up to £10,000 - what that is doing is it is creating a greater incentive to keep people in work. And I think that is immensely important when we are facing these huge economic difficulties - that we try and keep as many people, as we successfully have, in work.

ANDREW MARR:
On this, I have to say you sound exactly like George Osborne. Can I move onto immigration, another area …

NICK CLEGG:
No, but hang on … Sorry, Andrew, I just can’t let that go unchallenged. If the Liberal Democrats had not been in government, you would not be and every person watching this programme would not be receiving £10,000 free of any income tax, next April taking close to three million people on low pay out of paying any income tax. In fact I remember in the leaders debate David Cameron actually saying, “Oh Nick, it’s a jolly nice idea, but we can’t possibly do it because we can’t afford it.” We could afford it because we insisted that it must happen. It’s the biggest, most progressive change in the income tax system; and, combined with our welfare reforms, sharpens the incentive to work, to make sure that work always pays.
ANDREW MARR:
Can I turn to what seems to be the central issue about this conference, which is that you are laying the foundations for the 2015 manifesto, and yet it’s very, very unclear to anyone, I think, what the status of those pledges are. Are these promises before the British people or are they airy aspirations you’d like to achieve, which will be negotiated away at the next coalition agreement? Because I mean I can give you examples. For instance, you’ll be talking about the mansion tax again. If someone votes Liberal Democrat, will you be absolutely committed to a mansion tax come what may? Will you not go into government with anyone who won’t do a mansion tax, or is just something you’d like to do?

NICK CLEGG:
Well firstly what we will do in our next manifesto, which actually we did in our last manifesto and it was quite an innovative thing then and I suspect it’ll now be standard practice for all political parties …

ANDREW MARR:
Right.

NICK CLEGG:
… is that we need to distinguish between those policies which are sort of die in the trench type policies, and on the front page of our manifesto last time we singled out four. Firstly the pupil premium - delivered; secondly a £10,000 income tax allowance - delivered. Thirdly, sorting out the banks and sorting out the economy …

ANDREW MARR:
(over) Tuition fees up?

NICK CLEGG:
No we didn’t put … No, no, it’s very important this. Let me just repeat …

ANDREW MARR:
Okay.

NICK CLEGG:
Pupil premium, £10,000 income tax allowance, fixing the economy and pushing for political reform. We’ve delivered all of those four key promises we put on the front page of our …

**ANDREW MARR:**

*(over)* Except possibly political reform, which has failed.

**NICK CLEGG:**

Well we certainly pushed for it.

**ANDREW MARR:**

Yeah, yeah.

**NICK CLEGG:**

Okay we didn’t get the answer, the referendum that I would have hoped for, but we certainly have made some important …

**ANDREW MARR:**

*(over)* So there will be red lines on this manifesto?

**NICK CLEGG:**

Well what I’m saying is I think all political parties - given that my view is that it is more likely than not that in the future you’re going to get more coalitions, it is less likely that you’re going to get these slam dunk results where one or the other two major parties always get a majority - I think it is incumbent on all political parties to be upfront with the British people, as we were last time, about those issues which we really will die in the trench for and those which clearly will depend on political and economic circumstances. I’m not …

**ANDREW MARR:**

*(over)* So what are your dying in trench …

**NICK CLEGG:**

*(over)* That’s what I was going to say. We’re not, of course not … Eighteen months
ahead, I’m not going to tell you exactly which of those will make their way onto the front page of the manifesto. You wouldn’t expect me to. But can I, can I make …

ANDREW MARR:
(over) Well this is a big problem because if next week Ed Miliband says if I get into government, there’ll be a 50p top rate of income tax - we know that that’s likely to happen if Labour come in, we understand the nature of that promise. If David Cameron says we’re going to cut the rate of income tax to 30p - again we understand that, we know it’s a particularly plausible outcome of a certain kind of …

NICK CLEGG:
(over) I disagree, I disagree. I totally disagree. Before the last General Election, the Conservatives were pledged to give a huge inheritance tax cut to millionaires, which they didn’t do. Why? Because we said no, that’s not the priority. You shouldn’t be giving tax cuts to millionaires at a time when the country’s facing this difficult … economic difficulty. I personally believe that the two parties who have got the biggest challenge to face in drafting the manifesto are not the Liberal Democrats. We’re used to the idea that we might be in a coalition and that we might need to make a distinction between some policies and others.

ANDREW MARR:
(over) Although you won’t tell me and you won’t tell your activists meeting here what the red lines are, so how can we … how can we judge you?

NICK CLEGG:
Well for one very good reason - is because I am proud of the fact that I run a democratic party, where I don’t just decree that this or that policy will be a die in the trench type policy. That is exactly one of the things that … But I can give you a clue that I strongly suspect, given that we have put so much effort and indeed so much money into making the tax system fairer, tax fairness will of course be one of the signature tunes for the Liberal Democrats.

ANDREW MARR:
And that would include the motions on income tax and on mansion tax?

NICK CLEGG:
Well we are committed as a party, and I’m very committed to this, to raising the allowance further - such that you pay no income tax equivalent to the minimum wage. Everybody on the minimum wage pays no income tax. But can I make a wider point, which is this. Our message to the British people in 2015 will be essentially this. We will say let us … we’ve done very good things in government, but let us finish the job and finish the job fairly because there are millions of people in this country who have made huge sacrifices as we’ve gone through this very difficult time over the last two or three years. That would be squandered if you have a single party government of either the Labour or the Conservatives in 2015. It is my genuine belief that if we go back to the bad old days not of coalition, of balanced politics, but of either the left or the right dominating government on their own, you will get a recovery which is neither fair, nor sustainable. I think Labour would wreck the recovery; and under the Conservatives, who don’t have the same commitment to fairness as we do, you’d get the wrong kind of recovery. So our message is coalition is good or the Liberal Democrats in government is good …

ANDREW MARR:
(over) That’s … if I may say so, that’s interesting.

NICK CLEGG:
Let us finish the job, but let us finish it fairly.

ANDREW MARR:
That’s a very interesting summary because Labour would wreck the recovery - disaster. The Conservatives wouldn’t be quite as fair as they might be. It seems like you are rhetorically and instinctively leaning towards them again rather than towards Labour?

NICK CLEGG:
(over) No - no, no, no. No, far from it. I don’t want to see the wrong kind of recovery. I don’t want to see a kind of recovery where, under the Conservatives, they would risk our exit from the European single market jeopardising millions of jobs. They’d
resuscitate some of these ideas that we’ve blocked in government like giving employers the right to fire anyone at will. I don’t think they would care as much as we do about boosting manufacturing and other parts of the economy, not just financial services. And I think there’d be a real danger, particularly with a small Conservative majority, that they would pursue ideological cuts rather than the pragmatic approach to deficit reduction that we’ve taken in this coalition.

ANDREW MARR:
Okay, I just want to come back briefly to the red lines issue because that is crucial to the way people understand this conference and the process. You showed a little bit of skirt, if I may so, on tax. Is that a red line …

NICK CLEGG:
(over) A little bit of kilt.

ANDREW MARR:
(over) Little bit of kilt. Is that a red line?

NICK CLEGG:
I’m not going to get into red lines now. What I’m saying to you is that you shouldn’t be surprised - given that the £10,000 tax allowance was our signature tune policy last time (which we’ve now delivered), the biggest transformation, a fair one in the income tax system in a generation; the fact that we want to make sure that nobody in this country pays income tax up to the minimum wage - is clearly one of the things that we care about a great deal more than other issues. But you’re right …

ANDREW MARR:
So if, for instance, the party votes again for mansion tax, what does that mean to ordinary voters who are not members of the party?

NICK CLEGG:
Well one of the signals is that even though we are committed to deficit reduction on the timetable we’ve set out - in other words not doing it in a mad rush, but doing it towards the end of the next Parliament, in 2018 - that within that mix, how you make
up the …

ANDREW MARR:
(over) If I vote Liberal Democrat …

NICK CLEGG:
(over) Can I, can I just …

ANDREW MARR:
… will there be a mansion - and you go into power - will there be a mansion tax either way? Will you negotiate a way?

NICK CLEGG:
(over) Well, as I say, I’m not going to get into red lines. But, as I say, what we are very clear about is, in the same way that I suspect the Conservatives left to their own devices would say that all further deficit reduction has to be … has to come out of spending reductions on public services, we say no, taxes - and particularly taxes on people who can afford it - has to play some role in the ongoing effort on making sure that we fill and complete the job of filling the black hole in our public finances. And £2 billion, which would be raised by a small levy of 1 per cent on the value of properties over £2 million, is not an inconsiderable amount of money. And if the Conservatives don’t want to do that, then they need to tell people - and that’s part of the debate of course we will have to have over the next year and a half - what they would cut from schools or hospitals or pensions or police or the armed services to make up that £2 billion.

ANDREW MARR:
Are you discussing a second coalition agreement with the Conservatives?

NICK CLEGG:
No.

ANDREW MARR:
Because they seem to be talking about it.
NICK CLEGG:
No, of course we’re not discussing that.

ANDREW MARR:
No conversations of any kind about a further coalition agreement?

NICK CLEGG:
Absolutely not, absolutely not. It’s not for me or Ed Miliband or David Cameron to have private discussions about …

ANDREW MARR:
(over) And they haven’t come to you and said let’s talk about the future?

NICK CLEGG:
Well they certainly haven’t because if they came to me with “let’s talk about another coalition agreement”, I’d give them pretty short shrift because you have to let the British people have their say first. And at the last General Election, as you know, there was no remote … there was no remotest possibility of a Liberal Democrat Labour Coalition because the numbers didn’t add up. There weren’t sufficient …

ANDREW MARR:
(over) And you’d have no problem with a deal with Ed Miliband? You’ve got no Ed Miliband problem, Ed Balls problem?

NICK CLEGG:
I have … I have only one preoccupation. Firstly that the Liberal Democrats get back into government because I think Liberal Democrats in government are better for the country than a government without Liberal Democrats. I think coalition - it’s sometimes you know a bit rough and ready in terms of some of the compromises that need to be made between the parties, but it’s much better than either the left or the right messing things up on their own all over again. And …

ANDREW MARR:
(over) So you don’t agree with Jeremy Browne, one of your colleagues, who said that Labour are simply not equipped to run the country?

NICK CLEGG:  
I think Labour, like all political parties, have questions to answer - particularly at conference time - and you’re legitimately asking me some. I think the biggest question for Labour, it seems to me as an outsider to the Labour Party, is they’ve got to spell out what they believe in. I don’t know what … I don’t know what they believe on schools or on welfare or on pensions. I really do think … It’s only 18 months or so before the General Election. I think they need to start … Of course they can continue to criticise the coalition - that’s what oppositions do - and say that everything we can do is terrible. Fine, that’s their constitutional right to do that. But they also have to show some responsibility both for the past and also some clarity about what they would do in the future, and that at the moment is absent.

ANDREW MARR:  
But you could go into government with them?

NICK CLEGG:  
If the British people, if the British people …

ANDREW MARR:  
(over) Yes dot, dot, dot … But you could under cir…

NICK CLEGG:  
(over) No, it’s not dot, dot … No, but it’s not dot, dot … It’s a little matter of democracy and I’m a democrat before anything else. And actually my feelings towards Ed Miliband or David Cameron …

ANDREW MARR:  
(over) Alright, okay, suppose neither … suppose neither of the big parties …

NICK CLEGG:  
(over) … or between one party or the other are trumped … are trumped by my absolute belief that coalition government has to be a legitimate government following
the instructions, the instruction manual handed to us by millions of British voters.

**ANDREW MARR:**
Alright, the British people decide, let’s say, that neither of the other two parties have an overall majority, but you could form a government with either of them. That’s a not implausible scenario.

**NICK CLEGG:**
A photo finish …

**ANDREW MARR:**
Some kind of photo finish, but with you in the middle there. In those circumstances, you could as …

**NICK CLEGG:**
*(over)* This feels like groundhog day. I think we had these discussions before the last election …

**ANDREW MARR:**
Well we did.

**NICK CLEGG:**
… and I gave the same answer then, which is I don’t actually think a perfect photo …

**ANDREW MARR:**
*(over)* I accused you of being a closet Tory. *(Clegg laughs)* You got very, very cross with me. *(laughs)*

**NICK CLEGG:**
No, no, well listen I’ll give you exactly the same answer now as I did then, which is that I think the party which gets the clearest sort of mandate from the British people, the most votes and the most seats, has the right, the democratic right to seek to assemble it …
ANDREW MARR:

(over) So you’d go to them first? Okay.

NICK CLEGG:

Well they … No, they have the democratic right. And if it was the Liberal Democrats … Just imagine if the Liberal Democrats …

ANDREW MARR:

(over) I can’t imagine just at the moment looking at your opinion poll rating.

NICK CLEGG:

(over) Well, look, the weather’s going to turn bright this afternoon in Glasgow and I’m sure our - just like the weather - our fortunes will become brighter as well because we are now the only party in the liberal centre ground of British politics marrying a commitment to doing the difficult things to create a stronger economy, but to do so fairly as well.

ANDREW MARR:

Okay, well let …

NICK CLEGG:

(over) Neither Labour or the Conservatives can make that claim.

ANDREW MARR:

(over) … let’s take another example, which might be a counter example, which is what’s happening on immigration - those go home vans.

NICK CLEGG:

Yuh.

ANDREW MARR:

You had the idea of a bond to, as I understand it, to help people who had already been refused entry at £1,000. It’s been snaffled by Theresa May. She’s turned it into a
£3,000 bond applied generally.

NICK CLEGG:
(over) She hasn’t actually because we haven’t actually announced what we’re going to do.

ANDREW MARR:
Can you stop her is my question?

NICK CLEGG:
Of course, of course. In a coalition, I can stop things.

ANDREW MARR:
So you’ll stop this bond?

NICK CLEGG:
I am absolutely not interested in a bond which becomes an indiscriminate way of clobbering people who want to come to this country and in many respects bring great prosperity and benefits to this country. Of course not. But on immigration, let me be clear. Clearly to create a tolerant society people need to have confidence in the way in which the immigration system is run. That’s why I’ve been outspoken in my view, not just in this coalition government but before we were elected, that we have to reintroduce exit checks, for instance …

ANDREW MARR:
Yes.

NICK CLEGG:
… but you must at the same time say that an open economy such as ours, open to the world, has to be welcoming to those who want to …

ANDREW MARR:
(over) So you were uncomfortable with those vans and …
NICK CLEGG:
I thought they were a very silly idea and I said so at the time. I tell you why - because I don’t think you inspire public confidence by aimlessly drifting around in vans in North London saying by the way can you please go home, please? I think you have to have a fair …

ANDREW MARR:
(over) So you wouldn’t like that to happen nationwide?

NICK CLEGG:
No, of course not.

ANDREW MARR:
Right.

NICK CLEGG:
You have to have a fair but firm approach to immigration. And, look, for those who say that you … you know who somehow believe you shouldn’t be firm at all …

ANDREW MARR:
(over) So the vans are off and the general bonds are out?

NICK CLEGG:
Well the general bonds, as I say, we’re still discussing in government because, as you quite rightly alluded, there are differences in emphasis on …

ANDREW MARR:
(over) But they won’t go ahead at £3,000?

NICK CLEGG:
Well they’re certainly not, as I say, going to go ahead on the basis of an indiscriminate bond being applied to all visitors who want to come to this country.

ANDREW MARR:
Alright that’s clear. That’s very true, yeah.

NICK CLEGG:
I think it could, it could, but you’d have to pilot it. That’s the point. It could act as an extra discretionary tool for customs officers, so where they have doubts about whether people are going to return to their home country once their visa has expired, that they provide extra assurance that they will do so. Because people overstaying their visas is actually the biggest problem in our immigration system and that’s why I think one way or another we need to give the public the confidence that when you give someone a visa and say you can be here for one year, two years, three years, that is what it means. Otherwise what’s the point of issuing those kinds of visas?

ANDREW MARR:
Being in coalition government has burnished your own popularity hugely and you had a very, very easy time of it. Are you going to carry on in politics whatever happens at the next election? Are you going to stay the course?

NICK CLEGG:
Yes, I do. I mean look I’m really committed to what …

ANDREW MARR:
(over) That was irony by the way.

NICK CLEGG:
Yes I know, I got that, I got that, but I wasn’t going to comment on it further. But, look, I know perhaps more than anybody else about the sort of wild gyrations of both opinion polls and popularity. You’re lauded one moment, you’re lambasted the next. But I genuinely believe that the historical decision we took to step up to the plate, roll up our sleeves, get our hands dirty to pull the country back from the economic precipice even at the cost of short-term political popularity was right. I genuinely believe that the way in which this government has acted is more fair, is more centre ground, is more liberal with us. It certainly wouldn’t have happened with the Conservatives on their own.
ANDREW MARR:
And you can haul those party members who’ve left and those voters who’ve left, you can haul them back?

NICK CLEGG:
I actually think there are a quite a lot of what I call liberal minded centre ground voters who want to see politicians, who can be tough where they need to on the economy but are fair and compassionate where they must be - I think there are millions of people out there who aren’t going to be satisfied by the right/left, blue/red sort of old style pendulum of single party politics that has blighted government in this country for so long.

ANDREW MARR:
Alright. Okay, Nick Clegg, we want to talk about Scottish independence in a moment, but for now, thank you very much.

NICK CLEG:
Thank you.

INTERVIEW ENDS