ANDREW MARR:
Now earlier on, I spoke to the Deputy Prime Minister, Nick Clegg – notable by his absence from the Commons while the Chancellor delivered the Autumn Statement last week. So is that symptomatic of a rift between the coalition partners over their approach to public finances? Well I began by asking Mr Clegg what would be the impact on public services of trying to balance the books as George Osborne wants purely through spending cuts with no tax rises?

NICK CLEGG:
One of the reasons why I disagree with George Osborne’s prognosis for the future is I just don’t think it is plausible. In fact I think it is more than that. I think it is impossible to, as the Conservatives are now saying, balance the books, remorselessly shrink the state, deliver unfunded tax cuts and protect the public services which people treasure – supporting the police, supporting the NHS, supporting schools, colleges and so on. And that is why even though as two coalition parties we agree that you should get rid of the last, most difficult bit of the black hole in our public finances – the so-called structural deficit - in 2017/2018, thereafter there are some big differences. So, for instance, the Conservatives – and indeed incidentally the forecasters, perhaps following their lead – are projecting that the support, the money
given to public services will grow less than the growth of the economy as a whole. I disagree with that. I think once we’ve dealt with the structural deficit, once we’ve balanced the books, we should provide public services with the money growing in line with the rate of growth of the economy. And also, crucially, allow ourselves – which is a perfectly sensible thing to do once we’ve balanced the books and debt is coming down as a burden on the economy – also borrow intelligently to invest in the kind of productive infrastructure we need for a growing economy in the future: housing, transport, energy and so on. And that’s where the big differences now do lie, and of course they’re opening up this morning in the Sunday papers as well. And it’s a very important debate because I just … I just think the Conservatives are kidding themselves and seeking to kid British voters if they’re claiming that it is possible to balance the books, deliver unfunded tax cuts, shrink the state and support public services in the way that everybody wants. It just doesn’t add up.

ANDREW MARR:
So to be absolutely clear - unlike George Osborne, you don’t ex… you wouldn’t expect to return the economy to surplus, public finances to surplus in the course of the next five years? Get rid of the deficit, but not move into surplus?

NICK CLEGG:
Let’s be quite clear what these technical terms mean. Under George Osborne’s approach, it would mean that once we balance the budget in 2017/18, they would want to pare back remorselessly year in/year out the state. What does that mean for people? Well under the Conservative plans, since they say they won’t ask the richest in society to make any contribution whatsoever, it means the two following things as night follows day. Firstly that millions of people, working age poor, who rely on help from the state to get by even if they’re in work will be hit and hit very hard; and that public services, particularly unprotected public services or at least unprotected under the Conservative scheme – like policing, like schools, like social care …

ANDREW MARR:
(over) Like the army.
NICK CLEGG:
… will be hit very hard indeed. And I do … And indeed defence. I do think the Conservatives now need to come clean - because they’re not being very straightforward with people – you know how many colleges will be closed, how many primary schools will be closed, how many police will be taken off our streets, how many people who are in the working age poor will be hit by these plans?

ANDREW MARR:
So can I be absolutely clear on the cutting side. You would be against things like removing child benefit from all but the first two children, which is being mooted in the papers today? You’d be against, presumably, cutting the army below the 83,000 they are at the moment given our responsibilities abroad? Is that true in both cases?

NICK CLEGG:
I’m not going to go through a hole list of … a smorgasbord of individual options because there are thousands around and we will of course set them out in the manifesto and we have done already.

ANDREW MARR:
(over) Give me some sense.

NICK CLEGG:
So, for instance on … Well okay let me give you some sense. On welfare, for instance, we think in welfare reform – because of course there’ll need to be further savings on a budget the size of the welfare budget – you should start from the top and work down, not the other way round. So we say the very wealthy people who are retired shouldn’t be entitled, paid for through the taxpayers, people on much lower incomes to receive TV licences and winter fuel payments for free. We think that is fair. On taxation, we think the very big tax breaks and the pension tax relief system for the very wealthiest should be pared back. We think that capital gains tax and income tax should be more aligned, particularly for the highest earners. We think the tax break that George Osborne has wastefully offered so that people can give up their employment rights in turn for share … in return for shares…that should be scrapped as well.
ANDREW MARR:
Okay.

NICK CLEGG:
So there are a whole range of … there are a whole range of measures we’ve put forward together already, but they’re guided by one simple thing which is a sensible balance between spending reductions and tax increases and at every turn apply them as fairly as possible.

ANDREW MARR:
I’d like to come onto tax in a moment, but before we do just in very broad terms would you support taxes of up to 30 … sorry cuts of up to 30 per cent in the unprotected department spending in order to get the deficit down?

NICK CLEGG:
No I, for instance, absolutely reject the idea that the way to create a strong economy and a fair society is to hack away at education, which under the Conservative plans is unprotected. I think it just does not make sense to start withdrawing support for primary schools, for nurseries, for secondary schools, for colleges because they are the engine of social and economic opportunity in our country. And that’s why we, the Liberal Democrats, have said under our much more balanced plan, we’ve said that we want to – having insisted by the way that the schools budget should be protected, that was something I personally insisted on back in 2010 – that we would extend that protection down the age range, down to sort of nursery provision and pre-school provision but also the point at which people leave college as well, so a sort of cradle to college protection. Those are the kind of things we need to protect if you want as we recover from this dark, dark period in our economic history following the terrible shocks of 2008. That’s the way we can ensure that the economy continues to grow and opportunity is continued to be spread across society.

ANDREW MARR:
The mansion tax. Now that we’ve seen this new transaction tax brought in by George Osborne, does the mansion tax stay as well?
**NICK CLEGG:**
Yes of course it does because the so-called “mansion tax” under our policy – unlike I think Ed Balls’ – is a very simple question of fairness, which is that you have a property tax (it’s called council tax) applied in bands to properties of lower value, but for some reason after around £700,000 properties above that level get off scot free – in other words there aren’t any further bands applied to them. So someone who’s living in family home in Lewisham at the moment pays the same council tax as someone who lives in a £10 million palace, and all we’re saying is let’s apply the same approach, banded approach to how we tax property which are very high value properties in the same way that we do to people who live in more modest homes. That’s our approach. It’s extraordinary actually that the Conservatives, particularly since they constantly tell me privately they think that’s a good idea, why they constantly reject it in public.

**ANDREW MARR:**
It doesn’t raise a huge amount of money that, which is why George Osborne is saying you have to turn to things like income tax and/or VAT.

**NICK CLEGG:**
*(over)* No.

**ANDREW MARR:**
If you want to balance the books in a balanced way, as you say, you have to have more tax proposals than you have told us about so far, surely?

**NICK CLEGG:**
No, that is incorrect. So we will continue, and we’ve been very clear about that, in putting right at the forefront of our election campaign – as we did last time and as we’ve successfully delivered – that the biggest tax change will be a reduction in income tax for the vast majority of working people in this country …

**ANDREW MARR:**
*(over)* So you’re going to raise taxes by cutting them?
NICK CLEGG:
(over) … by raising the points at which … Well let me explain. I really do think it is important that you can of course make the tax system fairer by raising taxes …

ANDREW MARR:
(over) And those are all in …

NICK CLEGG:
(over) … in a way which dispro…

ANDREW MARR:
(over) Sure. Sorry … And those are all important?

NICK CLEGG:
(over) … disproportionately affects people from higher incomes, but lower income tax for people who are on ordinary incomes – which is what we’ve done in this government and we want to do in the next.

ANDREW MARR:
Would you rule out raising VAT in the next parliament?

NICK CLEGG:
Look I’m simply not … In the same way with your welfare proposals, I think it’s really very … there’s no point. Why don’t you wait till we produce our manifesto and we will set out our proposals? But I can tell you what the principles are. The principles are of fairness, of balancing the books and of sustaining proper funding for our public services. And at the moment you’ve got – and it’s interesting because it is opening up these differences at the moment – a party on the left, the Labour Party, who just want to stick their hand in the sand and borrow more, and a party on the right that won’t come clean with the British people about the huge, huge cuts to education, to social services, to policing which their policies involve. Of course we need to flesh out things …
ANDREW MARR:
(over) And a party of the centre who …

NICK CLEGG:
(over) … you’re quite right to ask me about that, and we will do.

ANDREW MARR:
A party in the centre whose manifesto we await with great interest indeed. Meanwhile George Osborne had quite a go at you this morning, as you’ve noticed. Are you really saying … In the interest of Sunday morning candour, not appearing beside the Prime Minister and the Chancellor at the most important economic moment ahead of the General Election, you surely were sending some kind of signal and quite deliberately, weren’t you?

NICK CLEGG:
I think it’s been somewhat overblown. I’ve been sitting dutifully listening …

ANDREW MARR:
(over) It’s Sunday morning. You’re off to church.

NICK CLEGG:
(laughs) Let me just explain. I’ve been sitting dutifully through these budgets and autumn statements for half … close to half a decade now - there, I can put it in very melodramatic terms like that – looking at or listening to George Osborne and Ed Balls tearing strips off each other, and I thought and actually I think I proved the case in Cornwall on Wednesday that I was … I put myself to much greater use explaining to people what the Autumn Statement was by actually going out to meet normal people rather than listening to Ed Balls splutter in response and I don’t regret it at all. I don’t think people should read too much into it. I just think …

ANDREW MARR:
(over) But sorry, it did mean …
NICK CLEGG:

(over) … you know you can’t really win, can you? You can’t really win. People say politicians like me are too … spend too much time in the Westminster bubble, and then when you leave the Westminster bubble you're criticised for doing so.

ANDREW MARR:

Well you left the Westminster bubble at a very specific moment, which did mean that you didn’t have to sit there alongside the Prime Minister listening to George Osborne and nodding – or in your case not nodding presumably?

NICK CLEGG:

I think it’s a bit too late for me to somehow avoid photo opportunities with David Cameron and George Osborne. There have been thousands over the last several years. No, look, it was much more straightforward than that. I just thought what is the most useful … how can I use my time most productively, and I really thought just sitting there – as I have done on so many occasions before … Having of course meticulously worked through every single dot and comma of this Autumn Statement. I mean it is a Coalition Autumn Statement. The proposal for instance on stamp duty is something that my party has advocated for a very long time. Lifting national insurance, employer national contributions for people …

ANDREW MARR:

Sure.

NICK CLEGG:

... for employers who take on young apprentices is something I’ve advocated for … we support massively. So it was a Coalition Autumn Statement, but I was just very keen, to be honest, just to get out (in this case to Cornwall) and explain what it meant for people and their families in simple real terms.

ANDREW MARR:

Alright, got it. A few quick alternative questions if I may. Do you support the Archbishop of Canterbury this morning calling for EU funding for British food banks? You’ll have seen that …
NICK CLEGG:
(over) Well I certainly want to look at the report that he alludes … I certainly want to look at the report that he alludes to very, very carefully when it’s published I think tomorrow. And I think by the sounds of it – I’ve only read the reports early this morning – the report makes some very telling points about the complexity of the reasons why people are using food banks. I’ll give you one area where I would like to see more progress, for instance. Is that there is some evidence, which I suspect might be borne out in the report, that people who are subject to benefit sanctions end up using food banks for a temporary period of time, and I think that whilst it is of course necessary to have sanctions in the benefit system, I think we should introduce a sort of traffic light system so that some of the sanctions are not imposed quite as sort of overnight as they sometimes are. That might help alleviate some of the problem.

ANDREW MARR:
Now another interesting report has come out of the Commons recently accusing the government of being excessive and heavy-handed in the use of the so-called Ripa powers against journalists. That’s the surveillance powers against journalists. They have a point, don’t they, the MPs in that committee?

NICK CLEGG:
Oh they’ve absolutely got a point and that’s why I personally insisted by the way and got agreement now that the independent reviewer for anti-terrorism legislation, David Anderson, will review RIPA. I also personally insisted that the new legislation we passed in the summer – you remember it was called an unfortunate acronym DRIPA, which fills some gaps in this area – lapses automatically after two years, so we have to review all of this in any event. And my own view is that it is simply inappropriate in a free society where, much though I might not always get the best treatment from the press, I certainly will defend the freedom of the press unto my last breath. It is totally inappropriate for RIPA to be used in this way without proper oversight from judges to basically nose around the records of what journalists have … you know the information that journalists have been securing.
ANDREW MARR:
Now finally there is one national competition you have won overwhelmingly, which is the Best Christmas Card competition. Was that Miriam’s idea or yours?

NICK CLEGG:
Ah! Actually to be fair, I think it was someone in my team who said “Why don’t you just … why don’t you sort of …

ANDREW MARR:
(over) Clown around in front of a …

NICK CLEGG:
… you know why don’t you get into one of these photo booths and then …” Yeah and we did it for about 20 minutes, half an hour. It was great fun and that was the product. I mean there are some people who are somewhat sort of censorious and pompous and humourless about the whole thing. It’s a festive season. We just thought we’d put a sort of lighthearted touch to it all and I hope people like it, that’s all.

ANDREW MARR:
Well for that at least congratulations. I will leave you to go to church. Nick Clegg, thank you very much.

NICK CLEGG:
Thank you.

INTERVIEW ENDS