ANDREW MARR: Let's turn to the government now where the coalition marriage is going through a rocky phase. So much so that some commentators are talking about a breakdown this year or next after rows over health, tax, and the wealthy. The Liberal Democrat spring conference, which continues today, has given an airing to some of those tensions, and another area of contention there is energy policy. Over one hundred Conservative MPs wrote to the Prime Minister last month complaining about coalition policy on wind farms. The new Secretary of State for Energy and Climate Change is the Liberal Democrat Ed Davey who joins me now from that conference in Gateshead. Welcome.

ED DAVEY: Good morning.

ANDREW MARR: Can I start by asking you about the growing sense, not just on the Conservative benches, that this country is investing in wind farms and at a rate of subsidy which is proving a monumental national folly; that we're not getting nearly enough efficiency from these farms and we can't because we can't tell when the wind blows, and we are pouring money into something which is despoiling our landscape.
ED DAVEY:

Well I've heard those arguments and I'm very happy to have a debate and debate on the facts. Energy policy is very important for the future of our economy and to make sure we can tackle climate change, and there are other people in parliament who are worried about new nuclear. I am very happy to debate all that, but what I'm not prepared to do is to put our economy at risk. And when you look at the different technologies, the different low carbon technologies - whether it's new nuclear, whether it's wind, whether it's carbon capture and storage - all of them have some risks attached to them. And I'm no Mystic Meg - I've got to be honest with you, I'm a politician who doesn't know the future - and therefore I think when it comes to something as important as energy policy, it's important you have a mix, a portfolio, a balance of different options going forward ...

ANDREW MARR:

Right.

ED DAVEY:

... and that must include, in my view, renewables and onshore and offshore wind.

ANDREW MARR:

That being said, you know one of the big issues at your conference is treatment of the super rich. You are pouring tens of millions of pounds in subsidy into the pockets of Britain's biggest landowners for wind farms, some of which are producing 10 per cent, 8 per cent in terms of the amount of energy that they could produce or in theory they would produce. So they're very, very inefficient. The energy is only there when the wind happens to be running, and we as taxpayers are pouring money into this. I just ask whether the levels of subsidy can be right if there is such a boom in wind farms by landowners everywhere.
ED DAVEY:
Well I think there are a lot of wind farms that are being put up to the benefit of local communities; and, moreover, I think what we're seeing through subsidising onshore and offshore wind, we're seeing the costs come down. Onshore wind is increasingly competitive with other low carbon technologies and people think in the next two or three years, four years, we'll see it completely competitive.

ANDREW MARR:
(over) Well it's not competitive ...

ED DAVEY:
(over) Back to a sensible sub...

ANDREW MARR:
(over) It's not competitive with carbon technology.

ED DAVEY:
(over) I'm sorry, this is what a sensible subsidy regime is about. It's about reducing the cost of these new technologies that can power Britain into the future decades without causing dangerous climate change. So I think some of the facts you put forward today, I have to tell you Andrew, aren't actually representative of the efficiency of many of the more modern wind farms, which are very efficient and are increasingly efficient, increasingly competitive.

ANDREW MARR:

Now on nuclear power, like your predecessor, you've done a major personal u-turn, but since you have now agreed that nuclear power is a good thing what's the logic in producing huge subsidies for wind farms but not for nuclear power stations where, after all, the energy does arrive?

ED DAVEY:
Oh there's a very clear logic. Nuclear has had subsidies for decades. It's not a new technology. It's a mature technology and therefore it has to come to a point where there is no public subsidy, and I very much support the government's policy in this area that I've inherited. I think many of the renewables are very different. These are technologies which are developing. They're incredibly important and if Britain can get ahead of the game by not just investing these technologies for our own energy needs, our own energy security needs but also developing the industry so we can sell them to the world. This is about huge numbers of green jobs. It's about investment, it's about export. And I know across the government when you talk to Conservative colleagues and Liberal Democrat colleagues, they know that developing these new technologies is really good for our economic future.

ANDREW MARR:

Okay. Are you in favour of tycoon tax?

ED DAVEY:

I think it's a really good idea. I've been involved in developing Liberal Democrat tax policy over two decades and we've always argued that there are too many tax loopholes and reliefs that the very rich benefit from. And we've had a consistent policy ...

ANDREW MARR:

(over) So how do you think it would work?

ED DAVEY:

(over) ... we've had a consistent policy over that time to try to tighten up those loopholes. And the great thing about the tycoon tax - and I have to confess I haven't studied the details, I'm not involved in developing the budget.

ANDREW MARR:
(over) Sure, but in broad terms how would it work?

ED DAVEY:

(over) That's for the Chancellor and others.

ANDREW MARR:

(over) But in broad terms, how would it work? Just in broad terms.

ED DAVEY:

Well, Andrew, you're asking me to speculate on a tax proposal ...

ANDREW MARR:

(over) No you just ...

ED DAVEY:

(over) ... that the Chancellor's drawing up which I'm not involved in.

ANDREW MARR:

(over) I know, but you just said ...

ED DAVEY:

(over) But what I have seen ...

ANDREW MARR:

(over) ... you've said you're in favour of a tycoon tax. I'm just asking you what it is that you're in favour of.

ED DAVEY:

Well let's be clear. It's basically the idea that millionaires and multi-millionaires should pay a basic level of tax, shouldn't be able to pay less tax than hardworking families, people on much lower incomes. And I share Nick Clegg's view. I think the Liberal Democrat view in the coalition is very clear on this. We want to take the lowest paid out of income tax altogether. We want to deliver big tax cuts ...
ANDREW MARR:
Sure.

ED DAVEY:
... for people on low and middle incomes, the majority. And in order to fund that, we've got to make sure that the rich and the wealthy are paying their fair dues. And I think the notion of a tycoon tax addresses that issue.

ANDREW MARR:
The reason I ask is that I mean Vince Cable, for instance, doesn't seem at all convinced about this and he thinks ...we read that it's a diversion from the mansion tax, which would be an easier one to implement and one that you're likelier to get through the coalition.

ED DAVEY:
Well I think the mansion tax is a good idea. It was in our manifesto at the last election and I support it as Vince would be the first to ... 

ANDREW MARR:
(over) And would it be an either/or?

ED DAVEY:
Well no, I don't think it is. I think that Vince would be the first to say there are many ways to tax the rich and the wealthy to make sure they pay their fair dues. Labour failed to tax the rich and the wealthy properly and we, the Liberal Democrats in the coalition, will make sure we change that. And the tycoon tax seems to me to put an actual floor under the tax allowances and reliefs and loopholes ...

ANDREW MARR:
Sure.

ED DAVEY:
... that people use to avoid and evade tax. I think that's a very good idea.

ANDREW MARR:

And you would like to see that, plus the mansion tax, or is it an either/or?

ED DAVEY:

Well you're asking me to reveal the details of the Chancellor's red box.

ANDREW MARR:

(over) No, no, just personal preference.

ED DAVEY:

Well to be honest, I support any measure which ensures that the rich and wealthy pay their fair dues. There are many ways to skin a cat and I think as we debate this, not just in this budget but in future budgets and no doubt the next election, there are different ideas from different parts. But I tell you what I'm really keen on. I am keen on delivering tax cuts for the low paid and tax cuts for hardworking families across the board. The fact that our £10,000 tax free allowance policy being delivered by Liberal Democrats in this coalition will deliver £60 a month off the ordinary worker's monthly tax bill ...

ANDREW MARR:

Right, okay.

ED DAVEY:

... that's a huge benefit. That could be spend in a huge number of ways and it would deliver real relief for people who are under real problems given our current economic troubles as we clear up Labour's economic legacy.

ANDREW MARR:

Alright, so there is clearly some disagreement about exactly how to go ahead, but fat cats will be
skinned from both ends if you get your way, Ed Davey.

ED DAVEY:

(Silence) Thank you.

ANDREW MARR:

I think that's an acknowledgement. Alright, thank you very much indeed for joining us today.

INTERVIEW ENDS