ANDREW MARR:
Now Nick Clegg has been firing up the rhetoric against his Conservative Coalition partners. It’s part of a strategy whereby the Liberal Democrats gradually cleave from the Tories as pre-election warfare begins. Relations on both sides of the coalition are already fractious, I think you’d say, so how do the Tories and Lib-Dems manage the tricky task of exposing their differences while at the same time governing together for the next 16 months? Nick Clegg joins me now. And that really is the question of course, Nick Clegg. Can I start talking about some of the welfare issues …

NICK CLEGG:
Sure.

ANDREW MARR:
… and the European stories in today’s papers. For instance, Iain Duncan Smith has a plan to absolutely ban everyone coming in from the European Community from getting any kind of welfare for up to two years. Do you think that’s a plausible plan?

NICK CLEGG:
Look, I’m up for establishing a very clear principle that says that the freedom to move around the European Union to look for work is one thing, but it’s not the same as the freedom to claim benefits on day one, no questions asked, no strings attached. What I’m not up for is what the Conservative Party appear to be doing more widely - is flirting with exit from the European Union, which would be an act of economic suicide for the United Kingdom and would actually inflict a lot of damage to many, many British families across the country.

ANDREW MARR:
And to be clear, when it comes to the possibility of a referendum, which has been blocked so far in the House of Lords, is it the case that the Liberal Democrats are going to try to stop that becoming law, that referendum bill?

NICK CLEGG:
You know the irony about this is that the Conservatives have decided to swerve wildly, this direction and that, on this referendum issue because the Conservatives and the Liberal Democrats joined forces in the coalition in the early part of this Parliament for the first time ever to pass a law giving the British people a legislative guarantee about when a referendum will take place. In other words when a transfer of powers next happens …

ANDREW MARR:
A new treaty?

NICK CLEGG:
… when a transfer of power next happens from the United Kingdom to the European Union, we have - and with my full support and I firmly believe this - we then say to the British people that’s when a referendum should and will take place. And by the way, William Hague and David Cameron spoke very eloquently in the House of Commons at the time why that is the right approach and that the wrong approach is plucking an arbitrary date out of sort of thin blue air to suit internal party management purposes to do so. Because that I fear would …

ANDREW MARR:
So to return to my point, the proposal for a 2017 locked in referendum is one which Liberal whips, Liberal peers and Liberal MPs will stop happening if you can in this Parliament?

NICK CLEGG:
Well we don’t agree with it. It’s not a government proposal …

ANDREW MARR:
Sure.

NICK CLEGG:
… and the coalition government - Conservatives and Liberal Democrats - have already passed legislation to give people the guarantee in law about when a referendum will take place. And, look, I think most people … Of course I know some people feel very strongly about this, but actually most people feel that the priority - and this is certainly my priority, my personal priority now, should not be endless parliamentary games on Friday afternoons about when you do or don’t hold a referendum when we’ve already got the guarantee about when a referendum will take place. Our priority now should be locking in the economic recovery which is emerging in our economy, and you don’t do that if you constantly lurch this way and that.

ANDREW MARR:
Okay if there were to be a referendum in 2017 and you look at the opinion polls now, there’s quite some chance that Britain would vote to leave the EU. Do you regard that as a serious possibility at this stage? I mean not are you in favour of it? Do you think it’s possible for it to happen?

NICK CLEGG:
Well I’m clearly not in favour of it …

ANDREW MARR:
No - no, no. Sure.
NICK CLEGG:
… when over three million jobs in this country are directly or indirectly dependent on our position within the world’s largest borderless single market. But can I just come to this point? Look politically we now have two parties - the UK Independence Party and the Conservative Party - locked in this sort of deathly embrace, this fight to the finish, and my concern is that actually what ends up happening is that they argue with themselves and they ratchet up the rhetoric in ever more breathless terms against the European Union and our place in it. Of course what ends up happening is that you get a drift towards the exit and that then jeopardises millions of jobs in this country. It reduces our standing in the world. If we don’t lead in our own European neighbourhood …

ANDREW MARR:
(over) And the country …

NICK CLEGG:
(over) … why should we …

ANDREW MARR:
(over) … the country notes all of this and votes to go out.

NICK CLEGG:
Well, look, I personally believe that when and if there is a referendum, I don’t actually believe the British people will vote for exit. Not because people don’t want the European Union to be reformed - I want it to be reformed, of course it constantly needs to be reformed - but because people know that in a globalised world, in a sort of footloose fancy free economic world in which money can be moved from one place to the other so easily, where decisions in boardrooms in Latin America or Asia can determine jobs locally in our own neighbourhoods, it’s essential that we remain an outward facing, engaged, open trading nation. Not pull up the drawbridge, not cower behind the cliffs of Dover, but actually to be self-confident, to have that British bulldog spirit if you like, to know that we can win in the world by being open.

ANDREW MARR:
So when you talk about “economic suicide”, you’re talking about leaving the EU as much as actually leaving the EU, which you don’t think will happen? It’s the endless discussion about the possibility of leaving that you think is damaging in itself?

**NICK CLEGG:**
Well of course it’s damaging. If you’re an investor …

**ANDREW MARR:**
Nigel Lawson and so forth.

**NICK CLEGG:**
… we depend massively on investment from other parts of the world into this - and we’ve heard from senior bosses in companies like Nissan that of course this has a chilling effect on investment decisions.

**ANDREW MARR:**
They mostly keep their heads down though, don’t they?

**NICK CLEGG:**
Well they might keep their heads down, but you know I certainly have had untold number of conversations with major investors who say look if the United Kingdom is suddenly going to pull up the drawbridge and pull out of the world’s largest borderless single market upon which over three million jobs (thereabouts) depend in our own economy, it’s not only bad for Britain; it would lead to more people out of work. The CBI have said - talk about business opinion - very, very clearly that they think our membership of the European Union is worth about £3,000 per household. Why on earth, just at a time when we’re recovering from this calamity in 2008 when locking in the economic recovery is our absolute priority, why jeopardise all of that by then risking confidence in Britain’s place in Europe in the future?

**ANDREW MARR:**
So what would be your reaction to, for instance, the story in The Sunday Telegraph today that 92 Tory MPs are asking David Cameron for a new right of parliamentary veto, a parliamentary red card against any future EU legislation? Very popular in the
country this idea.

**NICK CLEGG:**
I think, to be candid, Conservative MPs now need to make up their mind. If they want full exit from the European Union, they should be free to argue it, but then they should come clean because basically what they’re saying is they want to have their cake and eat it: they want to be part of a European club but they don’t want to play by the rules. You can’t safeguard a single market where British firms can export and trade into the rest of the European Union …

**ANDREW MARR:**
If you’ve got a red card.

**NICK CLEGG:**
… if you’re constantly saying well you’ve got to play - that’s the rest of Europe has got to play by the rules but we won’t. So I think, I just think that …

**ANDREW MARR:**
(over) Can I just pick you up on this …

**NICK CLEGG:**
No, no, can I just press you on this?

**ANDREW MARR:**
Press me.

**NICK CLEGG:**
Well no you’re either in or you’re out.

**ANDREW MARR:**
Yeah.

**NICK CLEGG:**
You can’t sort of be half in, half out.
ANDREW MARR:
Okay.

NICK CLEGG:
I want us to be in. I want us to lead in the European Union, I want us to reform the European Union. But, above all, I want us to be in the European Union because it means that people are in work. Being in Europe means being in work as far as British workers are concerned.

ANDREW MARR:
What I was going to say to you is that this proposal, as I understand it, came from the European Scrutiny Committee of the House of Commons and was endorsed by people like Tim Farron and Labour MPs as well, so it seems to have cross-party support and the idea would be that parliaments all around Europe could have the same power.

NICK CLEGG:
We already have a procedure where parliaments can - and this was enshrined in the existing treaties of the European Union - where parliaments can sort of club together and so national parliaments can say do you know what, we don’t like this particular proposal and we can put up a sort of red card. That already exists. If the proposal however is that one parliament can unilaterally (because it just doesn’t rather like the look of a particular measure) say we’re not going to abide by it, that is a totally different matter. That is in a sense having your cake and eating it. At the end of the day when you’re a member of a club, whether it’s a golf club or a sports club …

ANDREW MARR:
Right.

NICK CLEGG:
… or an economic club, there are certain rules by which everybody has to operate. Otherwise you don’t get the single market from which we benefit so much.

ANDREW MARR:
That’s a good thwack for the notoriously Europhobic Tim Farron then.

**NICK CLEGG:**
No, no it’s not about … It’s about making a distinction between different parliaments across the European Union saying we or a critical mass of parliaments don’t like this proposal and us saying we’re going to be part of the European Union club but we’re going to opt out of anything that we don’t particularly like.

**ANDREW MARR:**
So you’ve made it clear already that in terms of benefit tourism, you’re prepared to be pretty hardline, you’re prepared to endorse some of the things that Iain Duncan Smith is saying. But when it comes to free movement, you have no truck with any attempt to stop that …

**NICK CLEGG:**
Yes and there are many reasons for that.

**ANDREW MARR:**
Vince Cable said on this show a little while ago that it was actually illegal, it couldn’t happen for that reason. Would you agree with that?

**NICK CLEGG:**
I think the principle that people can move around the European Union to look for work is a principle which is a founding principle of the European Union for very good reasons - because if you want a single market, if you want more jobs to be created in the world’s largest borderless single market, you need to give people the right to look for work. By the way, by some estimates two million Brits live and work in other European Union countries, so if we were to say to Finnish engineers or Dutch accountants or German …

**ANDREW MARR:**
*(over)* Or Romanian workers, yeah.

**NICK CLEGG:**
(over) ... you’ve all got to leave, what is that going to mean for all the Brits who live in southern Europe if they’re retired or live and work in other parts of the European Union? I don’t think by entering into a tit for tat war given this is a two-way street across the European Union, that we will serve our national interests. And at the end of the day what I care about is I don’t sort of love the European Union because it’s called the European … I care massively about Britain, I care about what’s right for Britain. I care about what’s right about creating jobs in Britain …

ANDREW MARR:
Right.

NICK CLEGG:
… and you don’t create jobs in Britain or safeguard prosperity by basically saying that you’re going to cower behind the battlements and somehow turn your back on the rest of the world.

ANDREW MARR:
What about parliamentary democracy? Is it right that peers are stopping a measure designed to give the British people the power of choice? Is it right that MPs are getting together to stop the British Parliament having a red card? I mean in the end we are a parliamentary democracy. That is what everything is founded upon. If the parliamentary democracy is not able to stop proposals coming in from the EU, what point is there voting for you, what point is there voting for the House of Commons?

NICK CLEGG:
Well, look, the vast bulk of legislation and regulation is still domestically generated, but what happens is that democratically elected governments get together in the European Union and thrash out amongst themselves rules which they think would help them collectively. Because there are a whole bunch of things - whether it’s dealing with cross-border crime or whether it is dealing with environmental issues, climate change - that we can’t deal with on our own. Look there’s a fundamental insight into all of this: do you believe in the kind of world that we live in now where you have global economic forces, you have environmental destruction which crosses borders, you have crime which crosses …
ANDREW MARR:

(over) Lots of people would say no, I don’t.

NICK CLEGG:

Well I tell you what I believe, I’ll tell you what I believe: is in this world you get more done by doing things together than you do apart. By the way, we’re going to have an identical debate north of the border in the referendum in Scotland.

ANDREW MARR:

Sure.

NICK CLEGG:

Do we believe that the family of nations that make up the United Kingdom - as I fervently believe - can do more things, good things together rather than falling apart?

ANDREW MARR:

Okay, so ..

NICK CLEGG:

That is a basic principle which will be at stake in the European elections in May and indeed in the Scottish referendum in November ..

ANDREW MARR:

Okay.

NICK CLEGG:

… and where the Liberal Democrats stand and where I stand is very clear - we do more and we do better things together than apart.

ANDREW MARR:

I would now like to move on because we’ve done immigration, we’ve done Europe. Can I turn to the economy because the big difference seems to be at the moment inside the coalition that George Osborne and the Conservatives want to gain, claw
back all the overspending and deal with all the deficit not through tax rises but through welfare cuts; and because we now have a triple lock on pensions, that means a huge burden coming on work related benefits. Do you think that is sustainable or tenable given …?

NICK CLEGG:
I think it’s wholly unfair. You can’t say - as the Conservatives appear to be saying at the moment - that we’re all in it together, and then say the very wealthy won’t make any additional contribution through their taxes if there is a Conservative government after 2015 in the ongoing effort of balancing the books. We’re not even going to ask - because they don’t appear to have even suggested this - that very wealthy people who retired who have benefits - TV licence, winter fuel payments and so forth paid for by hard pressed taxpayers - we’re not going to ask them to make a sacrifice. The Conservatives appear to be saying only the working age poor will be asked to make additional sacrifices to fill the remaining black hole in our public finances. My view is that is unbalanced and it’s unfair. By the way, it doesn’t have much economic logic either. Any mainstream economist I’ve ever listened to says you’ve got to have a mix of yes spending reductions, the bulk of it is spending reductions, yes welfare reform. I’m no slouch on welfare reform - there are lots of welfare reforms we’ve introduced - but also contributions from those with the broadest shoulders. I’ve a very simple view: you’ve got to start at the top and then work down, not start at the bottom and then work up.

ANDREW MARR:
So let’s do some specifics. What about removing benefit, removing housing benefit, sorry, from under 25 year olds - half of who have children, by the way?

NICK CLEGG:
Look, you can if you want go through a whole shopping list of individual ideas. I personally for instance think that certainly when it comes to the free TV licence and the winter fuel payments for very wealthy pensioners, there’s a case to say that some very wealthy pensioners shouldn’t receive those benefits. The Conservatives have talked for instance about …
ANDREW MARR:
I’m asking about housing benefits for under 25s though.

NICK CLEGG:
Look, I will look at all proposals, but some of the ones I’ve seen floated - for instance the idea of a two child policy …

ANDREW MARR:
I can’t believe you’re in favour of that.

NICK CLEGG:
Well I’m not in favour of penalising the young. I’m not in favour of a sort of Chinese style family policy saying that the state says well it’s okay to have two children, it’s not okay to have three children. Because remember this is …

ANDREW MARR:
For those watching, this is what Iain Duncan Smith is suggesting just at the moment - that there should be a reduction, a cut off after two children.

NICK CLEGG:
Yes because remember this applies to families. This is child benefit that goes to families - many of whom are working. They’re working very hard, often on low incomes. My priority is a fair approach to ongoing fiscal consolidation. If you have to balance the books, you mustn’t balance the books only on the working age poor. We are indeed in it altogether and that’s why everyone should make a contribution.

ANDREW MARR:
And you’ll stop all that happening. To be absolutely fair and balanced about it, on the other side you’ve got the mansion tax. That doesn’t raise nearly enough money to fill the gap. You’d have to raise other taxes; you’ve said so. Would that include income tax?

NICK CLEGG:
Well look, we will … I’ll come back on this show and explain to you exactly …
ANDREW MARR:
Oh good.

NICK CLEGG:
… how we propose to do this when we’ve sort of crossed every T and dotted every I.

ANDREW MARR:
We could save ourselves time and you could tell me right now.

NICK CLEGG:
Well no because it’s 16, 17 months before the General Election. There’s still some way to go. But you’ve got to work from first principles, and the first principle that I believe in and that my party believes in - yes we need to finish the job …

ANDREW MARR:
Yes.

NICK CLEGG:
… of clearing the decks for the next generation of the debts that we’ve inherited from the past. We’ve got to finish the job, but finish it fairly, and you can only do that by asking people with the broadest shoulders to make the greatest contribution, to start at the top and then work down; not, as the Conservatives now appear to be doing, starting at the bottom and then working up.

ANDREW MARR:
Can I turn to the other side and ask you what the Labour Party would have to do in your view that they haven’t done yet to make themselves a plausible, possible partner in government at some future stage?

NICK CLEGG:
I think the fundamental problem for the Labour Party is I think they’ve become in effect a sort of campaigning opposition party: they pick up an issue here, they pick up an issue there, they go round pointing at things saying oh they’re terribly expensive
and you know …

**ANDREW MARR:**
And it’s worked rather well for them.

**NICK CLEGG:**
No, no, sure, sure. I’m not … Listen, it’s no wonder that opposition politics is easy when you’ve got a government which is having to do some of the most painstaking and unpopular spadework to clear up the mess left behind - of course, I understand that - but at the end of the day, I think until they demonstrate more clearly that they’ve understood the lessons of 2008, what went wrong, their responsibility for it …

**ANDREW MARR:**
So they have to come up with a clearer economic strategy for the way ahead in essence?

**NICK CLEGG:**
At the moment, I don’t think people trust the Labour Party with their money because they so … you know they messed up on that in such a spectacular fashion in the past. They took their eye off the ball as far as regulating the banks is concerned, they spent money when they shouldn’t have spent money, they didn’t put money aside when they should have done. And that’s a very important point because unless you have stable, strong public finances, you don’t have the foundations upon which prosperity can be built.

**ANDREW MARR:**
But you would agree with the Labour Party probably on further constitution reform, on Europe, on the problems of hitting the people at the bottom of the heap in terms of welfare - there’s a whole range of things - and on the mansion tax. I’m just saying to you that you know for the unbiased, open-minded viewer, you have got much bigger problems with a future Conservative government than a future Labour government.

**NICK CLEGG:**
No, I …
ANDREW MARR:
On the three things that matter most to David Cameron - Europe, immigration and welfare cuts - you are viscerally and deeply, not just in a gentle way but totally opposed to him on all of those three.

NICK CLEGG:
Well I would characterise it differently, if I may, which is that … (Marr over) No you’ve got two big tasks. One big task is to create a stronger economy, to do all this painstaking work of fixing the economy, and there we’re working with the Conservatives effectively - and we will do until May 2015 - to repair the damage inflicted on the economy back in 2008 and put the country back on a firmer footing.

ANDREW MARR:
Yeah.

NICK CLEGG:
Then you’ve got to build a fairer society and where I think the Conservatives don’t have the same instincts in favour of fairness that we do. We are the only party in British politics to marry the two. Now look if you really want my view …

ANDREW MARR:
Yes.

NICK CLEGG:
… my view is that one of the greatest risks to the ongoing economic recovery is a single party government in 2015 of either only the Labour Party or the Conservatives …

ANDREW MARR:
I just …

NICK CLEGG:
… because the Labour Party hasn’t learned the lessons from the past and risks jeopardising the recovery all over again and the Conservatives want to yank or appear
to want to yank us out of the European Union to make us poorer and to increase joblessness in this country. So I think Liberal Democrats in a coalition is one of the best guarantees to ensure that we’ll finish the job and finish it fairly.

ANDREW MARR:
But you can’t possibly go into another coalition with the Conservatives because you have used up all the space on which you agree already and the things that are left are things you viscerally disagree about. There is just no way that you can do that, is there?

NICK CLEGG:
But, Andrew, it’s not my choice.

ANDREW MARR:
I know.

NICK CLEGG:
It is not David Cameron’s choice, it is not Ed Miliband’s choice. It is the choice of the British people. At the last General Election, there was a very, very clear and simple instruction from the British people …

ANDREW MARR:
(over) We haven’t got the next one yet.

NICK CLEGG:
… the only government that would work is the Conservatives and Liberal Democrats together.

ANDREW MARR:
Okay.

NICK CLEGG:
The British people will need to decide next time.
INTERVIEW ENDS