ANDREW MARR SHOW, 20TH MARCH, 2016

DAVID LAWS

AM: This book is heavily based, is it not, on Nick Clegg’s memoirs or Nick Clegg’s notes at the time?
DL: No. It’s based on my recollections in government, diaries and records that I kept.
AM: And you knew a lot of these people we’ve been talking about pretty well. What’s your take on what’s going on at the moment? Do you think this is a coup against David Cameron? What’s the history of the relationship between IDS and Osborne?
DL: I obviously can’t tell you about what’s happened in government over the last few weeks and months since the coalition was dissolved, but I can tell you what happened while we were in coalition and there are two points I’d make. I mean firstly it’s been no secret that IDS and George Osborne are not close politically. I don’t think you’ll ever find them going on holiday together. But more seriously, there was a running sore throughout the last parliament, throughout the coalition over welfare policy. George Osborne I think it’s fair to say did regard the welfare budget as something of a cash cow to be squeezed in order to help to deliver deficit reduction. Iain Duncan Smith had a different view. He was certainly no lefty over welfare and welfare cuts, but he saw much more the purpose of the welfare reform as to help people into employment and he was often therefore opposed to cuts that the Treasury were proposing and he had of course the help in coalition that quite often those Treasury proposals were vetoed by Nick Clegg and the Liberal Democrats. Once the coalition government was over I think his position and ability to see off some of those cuts was much reduced.

AM: So you don’t see him as a kind of hard right figure? A lot of the disability campaigners – there will be hollow laughter from
them because they have always seen him as, in a sense, as their enemy, but you would disagree with that?

DL: I would disagree. I mean he is no lefty and there are certainly a lot of the cut proposals, you know, he was willing to sign up to. Those that we delivered and he understood the need to make reductions in the welfare budget, but he was concerned about some of the proposals that came from the Treasury, many of the ones that we, as Liberal Democrats, vetoed. And his purpose in going to welfare and the Dept for Work and Pensions was this moral purpose of wanting to help people back into employment. That was what he was there for. George Osborne, perhaps understandably, after all he was Chancellor responsible for deficit reduction –

AM: Wanted the cash.

DL: He wanted the cash and he also wanted this big political dividing line between Labour standing up for welfare and the Tory party cutting it. So they came at the whole welfare issue from a different perspective and it was no secret that they were not allies on many of the issues.

AM: Now you say you can’t talk about the events of the last few days and weeks and I understand that, but nonetheless in your book you said that David Cameron was quotes: ‘Petrified of Boris Johnson and thought he was only after his job.’ How real do you think the tensions are at the top of the party?

DL: Well I think now they’re huge. I mean I hat to intrude into this civil war which is now dominating British politics.

AM: Go on. Intrude away.

DL: It was quite clear in 2012 and 2013, particularly when the Tories had gone through the Omnishambles budget, they were very low in the polls, the economy was flat lining, that David Cameron and George Osborne spent a lot of time worrying about Boris Johnson who clearly has great hopes of becoming prime minister. We don’t know what he’d actually do if he ever became
prime minister but we know that he is very ambitious for the job and I think they spent a lot of time worrying about until the economy started to recover.

AM: There’s a long tradition in British politics of when things get really, really tough the key people then go away so they’re not actually there at the time and Boris Johnson is of course, as we know, skiing at the moment.

DL: Ah, very handy, very handy.

AM: Very handy.

Now the other really big story today I thought was the - what you say about the NHS budget because Simon Stevens, the guy at the top of the NHS had said to Osborne and Cameron I need about 15 to 16 billion pounds a year for the NHS to survive in its current state.

DL: Yeah, look, at the end of 2014 it was clear that there were huge pressures on the NHS budget. In government our major focus was in getting more money for the NHS in the last year of the coalition 2015. Simon Stevens, the Chief Executive of the NHS then decided to go off and do his own piece of work looking at how much the NHS needed over the next five years and this parliament basically. He came up with a figure of about 30 billion, that I think was about right, and he reckoned that half of that could be made in efficiency savings and that he needed the other 15 billion from the Treasury. The problem seems to be that when he then took that figure to the Conservatives in Number 10 they said, you must be kidding. There’s no way the Chancellor and the prime minister will sign up to that figure, you’d better get that figure down if you want it to be taken seriously, you’d better increase the efficiency savings and he did that, reduced therefore the demand to 8 billion. We now therefore as a consequence have the NHS needing to make in this parliament three times the rate of efficiency savings that it’s made over the last 20, 30 years. I think that’s undeliverable and I think those assumptions need to
urgently be reviewed, otherwise we’re going to see the NHS gradually decline in terms of its standards over the parliament.

AM: Well this explains a lot perhaps but what you’re saying to be clear is that Simon Stevens was strong-armed by the government to cut by half his estimate of what the NHS really needed and that therefore this £8 billion figure, which we were all talking about at the time, I remember I was interviewing George Osborne in that chair at great length about the 8 billion, the 8 billion, the 8 billion, but this is actually a fantasy figure plucked from the air?

DL: I am saying that and frankly Simon did not a bad job for the NHS by changing the terms of the debate in late 2014, by getting eventually all the political parties to commit to this extra 8 billion. But I think he had to make compromises and as a consequence, you know it was put into the public domain the sense that 8 billion is what the NHS needs. Actually it needs more than that if service standards are to be maintained.

AM: And all the way through the campaign we were being told by government ministers, this is the NHS’s own figure this 8 billion, it’s not our figure, it’s the NHS’s figure. We are going to give the NHS all it wants. How would you characterise that?

DL: Well I think once that figure had been put by the NHS – after all this was unusual, this was the NHS asking for money, not a government document. Once the NHS had said that was the figure they wanted the inclination was for all of the parties to sign up to that and no more. Our own Spokesman, Norman Lamb, actually had concerns about this, wrote to the other political parties in January 2015 and suggested what I think we now need, which is a proper independent review of NHS finances in the future, not prejudiced by government pressure on the head of the NHS so that we actually understand what the real efficiency savings could be.

AM: Sure. But Simon Stevens is one of the most respected public figures outside government itself in the country. Respected by all
the political parties and you are saying he caved, he gave in. That’s quite a serious thing to say about somebody.

DL: What I’m saying is that he put on the agenda

AM: - he allowed himself to be bullied.

DL: He put on the agenda the need to increase the NHS budget at a time when all of the political parties were only signed up to real protection of the budget. I think sometimes when you’re in the political space people end up making compromises in order to move things on. I’m not criticising Simon, I think he was leant on, but I think actually one of the things I can do through this book, which isn’t simply backward looking, but which is forward looking, is expose this so that we can have a proper debate about what NHS budgets ought to be over the next few years.

AM: One final thought from the book, George Osborne, who’s been much criticised today, offered you a very generous deal as a party. He said, let’s have a coupon election, let’s stand as the coalition and we’ll make Conservatives stand down in key Liberal Democrat seats and you won’t take us on in our marginal seats. Now had that happened you might have had 50 MPs and still be in government. That must go down as one of the biggest political misjudgements in the 20th century to say no to that, wasn’t it?

DL: Well it looks superficially attractive from a historical perspective, doesn’t it? And this was in 2012 when the Conservatives were very worried about whether they would get re-elected after the Omnishambles budget. The problem of saying yes to an offer like that is it would have turned the Liberal Democrats into some small bungalow annex of a Conservative mansion –

AM: I’ll say nothing about where you’d be left now.

DL: - for short term gains I think it would have had a very bad long term impact.

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