ANDREW MARR:
Now the coalition partnership has been at its strongest inside the treasury where the Chancellor, George Osborne, and the Chief Secretary, Danny Alexander, seem to have pretty much joined at the hip. But as the election approaches, are they now breaking apart? Mr Alexander is with me now with the Liberal Democrat view on economic matters and tax matters. Now the big story all week has been HSBC and their alleged involvement in alleged tax evasion and so forth. The Chancellor has not been very available to talk about this. Now he has spoken and he’s said it’s not the job of ministers to direct prosecutions against individuals or companies. Do you think that is a sufficient answer?

DANNY ALEXANDER:
Well it isn’t the job of ministers to direct prosecutions at individual companies or indeed to get into the tax affairs of any or allegations indeed of any individual organisation. But it is the job of ministers to make sure that HMRC is equipped with the powers that it needs because these tax evaders, they’re picking all of our pockets, they are taking money from every single one of us, and that’s why I think it’s right to
say that we should strengthen the hand of the taxman in dealing with those things.

**ANDREW MARR:**
I want to ask you more about that, but do you think that the culture in HMRC has been entirely right about this? There seems to be suggestion of sweetheart deals, cosy meetings between very, very powerful people in the banking world and HMRC staff, and then HMRC staff go and work for them of course.

**DANNY ALEXANDER:**
Well I would say that I think HMRC by and large do a good job in collecting the tax and pursuing evasion and avoidance. We’ve done a lot of work in this coalition government to make sure that they’re strengthened in doing that. It was a key part of the Liberal Democrat manifesto, we’ve invested more in compliance, we’ve created new powers …

**ANDREW MARR:**
*(over)* But is it a new culture problem at the top of HMRC or has there been?

**DANNY ALEXANDER:**
That’s not my perception. I mean I’ve always said every single fiscal event in this parliament, I’ve said to HMRC do you need more resource, do you need additional powers, are there areas where avoidance or evasion is taking place? As a result, tens of billions of pounds more money is coming into the system. But I do think …

**ANDREW MARR:**
Do they need more powers now?

**DANNY ALEXANDER:**
Well I think that there are a couple of areas where we should be looking to strengthen this because you know just like someone who helps a pickpocket pick your pocket is committing a crime, so someone who’s facilitating evasion also should be doing the same. And so I’m proposing today that we should create a new offence of corporate failure to avoid preventing an economic crime and also the organisations who facilitate evasion or who encourage evasion should face the same level of financial
penalty as the evaders themselves – that way creating a much stronger disincentive to companies helping people do that.

ANDREW MARR:
So this would catch the private banks, the very very clever accountants and lawyers who work with people to help them avoid paying the taxes that they legally owe?

DANNY ALEXANDER:
The idea is this precisely would catch those people. Organisations – be they accountants, banks or whatever – who help people evade tax will be liable for this new offence and, crucially, liable for financial penalties. So that, for example, if their customers have to pay back hundreds of millions of pounds in tax, then those organisations should have to match that with hundreds of millions of pounds of their own money. And I think that’s a very tough disincentive to them to get involved in this in the first place. This is taboo, this is something which absolutely mustn’t happen in our society, and we still have a problem with some people thinking they can get away without paying their fair share of tax.

ANDREW MARR:
Now I can imagine a lot of people saying amen to all of that, but this is a Liberal Democrat idea for your manifesto; it’s not something that’s going to happen through this government?

DANNY ALEXANDER:
Well this is a Liberal Democrat idea for our manifesto. We’ve delivered a lot from our last manifesto tackling avoidance, tackling evasion, but I am going to seek to pursue this within government over the next few weeks because I think we do have time potentially in the budget or through other processes that we’re going through to take these ideas forward. But what I can say is that if we’re not able to do that, then we absolutely will be making this one of our key things in the General Election.

ANDREW MARR:
And to be fair to HMRC, do they have enough staff, do you think, because they have lost a lot of people over the last five years?
DANNY ALEXANDER:
Well I think in the area of compliance, which is about tackling evasion, tackling avoidance, we’ve invested an extra billion pounds in that area over the course of this parliament. It’s bringing in an extra £9 billion a year of revenue. But of course if the excellent people at HMRC come to me and say well we think we need more for this or that specific measure to help us make sure that people can’t dodge tax, then I’ve throughout this parliament listened and acted on that and I would certainly do so again.

ANDREW MARR:
Now you’ve worked very closely with the Conservatives. A lot of people say that they are too … they have been too close to high finance generally. Is that your perception and have you asked George Osborne specifically about Lord Green’s appointment? Were you worried about that?

DANNY ALEXANDER:
I haven’t asked him specifically about that. That’s something that was decided by the Prime Minister and of course you know …

ANDREW MARR:
No warning bells, no red lights?

DANNY ALEXANDER:
Well I think that Conservative ministerial appointments are a matter for the Prime Minister and he has to make his own judgement about whether people are fit and proper to hold office; and you know he worked very effectively as a trade minister, Lord Green, and I worked with him occasionally in that capacity. But, look, I think there is a big difference between the Liberal Democrats and the Conservatives. We want to make sure that there is fairness at the heart of this government and in the next parliament as we finish the deficit reduction. They want to go much further – harsh cuts way beyond what’s necessary to balance the books and European chaos too. That’s not a recipe that I think would bring the stability that this country needs. So I’d say only the Liberal Democrats are actually sticking to the plan that’s got the recovery this far.
ANDREW MARR:
Pulling all of those ideas together, there was a very interesting column in The Times this week by Phil Collins in which he said look, there is a deal to be done post-election between the Conservatives and the Liberal Democrats. David Cameron must have his referendum on Europe if he wants to stay Prime Minister; the Liberal Democrats could help him deliver that. And in return you would go for George Osborne’s much more aggressive fiscal stance in the Autumn Statement and you would go for those deep cuts and not allow them to happen. Is that the kind of deal that you can see happening?

DANNY ALEXANDER:
Well I’m not going to speculate on deals now. We’ve set out … Just last week we set out what are the top priorities for the Liberal Democrats and they are balancing the books but doing so fairly; delivering more income tax cuts, as we have in this parliament. But to be honest, if I have one frustration it’s that we Liberal Democrats work hard and innovatively in the mid-field and the Tories are at the goalmouth trying to claim all the credit. What we’ve done is made sure that we have the right sort of economic recovery - that we have a balance, a fairness, a commonsense - and I think people want to see that continue. When you look at the Tory plans which are lurching to the right on fiscal policy, damaging …

ANDREW MARR:
(over) That sounds like a very, very long way of saying yes to my question. You would allow them to have their referendum? You wouldn’t stop a re… you wouldn’t block a referendum?

DANNY ALEXANDER:
To be honest, we have a very different approach on Europe …

ANDREW MARR:
But you’re in favour of a referendum?
DANNY ALEXANDER:
Only in the circumstances that we’ve already legislated for in this parliament. We’ve legislated in this parliament, so that if there is …

ANDREW MARR:
(over) If there is constitutional change – yeah, sure.

DANNY ALEXANDER:
… if there is a treaty change that involves greater pooling of sovereignty, then we think that should be approved by the British people in a referendum. What I don’t like is the idea of negotiating willy-nilly off our own bat to try and force a referendum precisely at the time when our economy needs stability. You know we Liberal Democrats, we’re the rock of stability on which this recovery is built, and I think that the idea that …

ANDREW MARR:
(over) So are you suggesting that if David Cameron was it were the winner of the election – because I think it will be an as it were territory, we won’t exactly know who’d won, it’ll be very complicated – but if he has the largest number of seats and you go and deal with him first and he says “I must have this referendum”, are you seriously suggesting that you’d say no?

DANNY ALEXANDER:
What I’m doing is setting out what the Liberal Democrat views are and the Liberal Democrat priorities are for the next parliament, and that’s getting our recovery to continue, making sure that we have a balanced budget but that we deliver that fairly, income tax cuts for working people, measures to support young people in the school system. Those are the things that are at the top of our agenda for the next parliament.

ANDREW MARR:
Post-election you have said as a party that you will go to the party which appears to have got the strongest mandate.

DANNY ALEXANDER:
The strongest mandate, exactly.

ANDREW MARR:
Now what does that mean? Does that mean votes or does that mean seats?

DANNY ALEXANDER:
Well we’ve said that whichever party has the strongest mandate should have the first chance to form a government.

ANDREW MARR:
I just don’t understand what it means, that’s all.

DANNY ALEXANDER:
Well the point is that of course in our system you need to be able to have a parliamentary majority. That’s what we and the Conservatives between us have in this parliament. But one also has to look at you know who’s got the momentum in the election, which party has been more successful. So you know I think there is a …

ANDREW MARR:
So you could go either way? It’s going to be who appears to have won will get your first …

DANNY ALEXANDER:
(over) Well you’ve got to … Look the thing that motivated us in this parliament was how do we make sure that the country has a government which is strong enough and stable enough to deal with the economic problems. That required a parliamentary majority, but it also required a coalition agreement that delivered those Liberal Democrat priorities to make that possible.

ANDREW MARR:
Now you may have heard in the paper review we were talking a lot about Russia and Putin, the Ukraine and all the rest of it. It seems to a lot of people that this is the moment to start to reverse the years and years and years of defence cuts we’ve had in this country. As Chief Secretary to the Treasury, what is your view?
DANNY ALEXANDER:
Well I think that we’ve managed the balance in the defence budget pretty well in this parliament. We have a significant commitment over a ten year period to defence …

ANDREW MARR:
(over) But we have generals saying that you know we don’t have the kit to stand up to the Russians buzzing us; we are not in a position, in the kind of position of strength we should be at this point when we are being challenged by the Russians and we need more, we need more help.

DANNY ALEXANDER:
Well look, we meet our 2 per cent of GDP target in …

ANDREW MARR:
For a while, not for very long.

DANNY ALEXANDER:
Well in this parliament we do and that’s going to be a judgement for the next spending round. And of course that has to be a priority, but it has to be balanced against all the other things as a country we have to do as well. In the end our economic prosperity is absolutely at the heart of our security and we have to make sure we deliver both.

ANDREW MARR:
Now you’d expect me to ask you about your own position because your seat of Inverness looks like it’s very, very hard for you to win again. Looking at the polls, the SNP are way ahead of you in that seat at the moment. Can you win that?

DANNY ALEXANDER:
Yes I can. I think I’ve got a tough battle of course with the Nationalists, but I’m doing a lot to support the Highlands through this government. And I think more generally, I think we Liberal Democrats will be the comeback kids in this election campaign because I think when people look at the choice they have – clueless Labour, heartless
Tories – and they want to continue the recovery in the way that it’s going, you only get a strong economy and a fair society through the Lib-Dems and I think that means a lot of our MPs, all of our MPs potentially will hold their seats and will gain more seats too.

ANDREW MARR:
I was trying to think of a rude alliteration for you guys, but I haven’t been able to. (Alexander laughs) Danny Alexander, thank you very much indeed for joining us.

DANNY ALEXANDER:
Thank you.

INTERVIEW ENDS