JEREMY VINE:
It’s been a busy week at the Treasury fuelled by burgers and diet coke. First the Chancellor set out the next round of cuts in government spending, telling us how much more will be squeezed from each department in the year after the election, but the following day came details of £100 billion of infrastructure spending to the end of the decade. So is this a case of pain today, jam tomorrow? I’m joined by the Lib-Dem Chief Secretary to the Treasury Danny Alexander. Good morning to you.

DANNY ALEXANDER:
Good morning.

JEREMY VINE:
So tell us, first of all, about this huge … alleged huge infrastructure splurge. A hundred billion?
DANNY ALEXANDER:
Well what we’re trying to do is to change the priorities of this country. I think for many, many decades governments have sought to prioritise short-term current spending over long-term capital investment. We’re changing that. We’re squeezing down on current spending by more even than we have to do deal with the deficit, in order to reinvest more of that money in things that really matter to the long term of this country: the biggest investment in our road network since the 1970s, the biggest investment in our rail network since Victorian times …

JEREMY VINE:
(over) Would you say …

DANNY ALEXANDER:
(over) … 165,000 more affordable homes, broadband commitments, releasing private sector investment in our energy needs. These are big things that can help to transform our economy over the decades to come.

JEREMY VINE:
When you said that this is “the biggest, boldest capital investment since the Victorians”, were you aware that most of it had already been announced?

DANNY ALEXANDER:
Well of course some spending in this spending round period has been announced. That …

JEREMY VINE:
(over) You’re now … It’s five years spending all at once basically?

DANNY ALEXANDER:
That’s quite true. But actually what I’ve announced this week is our plans going out to 2020, providing precisely the sort of long-term certainty that investors in the private sector say that they need in order to gear up for delivering the sort of infrastructure this country needs. And, look, you know it’s only the Labour Party who pretends somehow there’s a magic money tree on which new money comes off. All we have is
taxpayers’ money and money that we borrow …

**JEREMY VINE:**

*over* Sure, but you’re doing …

**DANNY ALEXANDER:**

*over* … and we prioritise how we spend that. And what we’re saying is …

**JEREMY VINE:**

*over* Yeah, but you … Hang on, you …

**DANNY ALEXANDER:**

*over* … we choose to prioritise our infrastructure.

**JEREMY VINE:**

Sorry, you rolled up five years of spending and you announced it all at once. Even the Victorians didn’t do that.

**DANNY ALEXANDER:**

Well …

**JEREMY VINE:**

It’s just gold-plated spin, isn’t it?

**DANNY ALEXANDER:**

Certainly not. Look, the rail investment, we’re putting more money aside in this Parliament and in the next Parliament than our predecessors managed. On roads, the same. We inherited big cuts to capital spending. We’ve topped that up year after year during the course of this Parliament. We’re investing in our road network, which has been left to crumble not just under our predecessors but before that too for many decades. So £10 billion of that money will go to upgrading our road network, maintaining our road network to the quality that we need.

**JEREMY VINE:**
The Head of the IFS, Paul Johnson, says “Despite the headlines, no increase in capital spending was announced yesterday at least up to 2017.”

**DANNY ALEXANDER:**
Well, look, we are investing …

**JEREMY VINE:**
(over) Is that right?

**DANNY ALEXANDER:**
We are setting out investment for the long-term. There is new money set aside in 15/16. We announced that at the Budget. We allocated it in the spending round.

**JEREMY VINE:**
Rolled it up with money we already knew about, yeah.

**DANNY ALEXANDER:**
And we allocated money in the years beyond. Precisely because what this country needs, what we haven’t had before from any government, is a long-term plan for our road network, for our rail network, to get broadband to 99 per cent of the population; and, crucially, setting aside the policies that energy investors have been crying out for to get the renewables, to get the energy generation capacity that this country needs. That’s vital to ensuring that the lights stay on in this country. And, by the way, our message now to investors is you know we’ve set out the certainty that you need for the long-term, the prices that you can now be certain of getting. You now need to get on and invest that money.

**JEREMY VINE:**
Okay, let us go with the idea that you have suddenly unleashed this torrent of money into road building and infrastructure and so on. I then have to ask what took you so long? You were elected in 2010.

**DANNY ALEXANDER:**
Well, look, we set out in 2010 firstly and what was most important for the stability of
the country at that stage was clear plans to deal with the enormous deficit, the mess that our predecessors left in this …

**JEREMY VINE:**
*(over)* The debt’s gone up since then.

**DANNY ALEXANDER:**
… in this government. Well of course the deficit is coming down.

**JEREMY VINE:**
Debt has gone up.

**DANNY ALEXANDER:**
Debt goes up every year that you have a deficit. That is a statement of fact.

**JEREMY VINE:**
So it’s no easier to do this now than it was then?

**DANNY ALEXANDER:**
Well we have got our deficit down by a third. We’ve got plans to continue to get it down. That’s what we were setting out on Wednesday - further £11.5 billion of current spending cuts. Tough choices, but also big reforms, in order …

**JEREMY VINE:**
*(over)* But why wait three years to do this?

**DANNY ALEXANDER:**
*(over)* … in order to make the savings.

**JEREMY VINE:**
Why wait three years?

**DANNY ALEXANDER:**
We haven’t waited three years. In fact, as you will know because you’ve been
studying these things carefully, in the Budgets and Autumn statements over the past three years, and each time we’ve added further capital investment in roads, in railways, in school buildings and school places, vitally important things for the future of our country.

JEREMY VINE:
Oh so this is just more of the same now?

DANNY ALEXANDER:
Because we have at each stage been able to squeeze more out of departmental current spending budgets than we had been before in order to release that money for the capital investment that our country needs.

JEREMY VINE:
I’m wondering are you blinding us with science here? Over the last three years you actually spent less on capital investment than Labour.

DANNY ALEXANDER:
Well that is not correct. We inherited big plans for cuts in current spending from the previous Labour Government. At every stage since the spending round in 2010, we’ve added more capital spending than was previously planned. Since the spending round of 2010, we’ve added £20 billion in this Parliament. So this year, for example, additional investment in local road schemes, additional investment in new places in our schools because of course the school role is rising, so that investment is needed. We set out last year plans for rail investment. So far from sort of resting on our laurels for the past three years, we’ve been doing this. But now is the right time to set out the longer term plans. Now that we know that we’ve got our deficit and our public finances moving in the right direction - deficit down by a third, plans to 15/16 …

JEREMY VINE:
(over) You’re borrowing £300 million a day.

DANNY ALEXANDER:
And …
JEREMY VINE:
You didn’t tell us you were going to do that.

DANNY ALEXANDER:
Well of course I agree that we need to continue the steps to get our borrowing down. That’s why I think that Labour’s approach that says we should just borrow more money left, right and centre to do various things is totally wrong. And, look, you know their approach is increasingly …

JEREMY VINE:
(over) You’re talking about this big splurge.

DANNY ALEXANDER:
(over) … is increasingly incoherent.

JEREMY VINE:
(over) I mean talking of incoherence, you’re talking about bringing debt down and now you’re talking about a big capital spending splurge.

DANNY ALEXANDER:
As I said right at the start of this interview what we are doing is setting out our priorities. We’re squeezing more out of current spending in order to release funds to be invested in roads and railways and broadband and housing and energy, setting aside an extra £800 million under Vince Cable’s brilliant leadership in BIS for the green investment bank precisely to unlock the energy investments that this country needs.

JEREMY VINE:
(over) In 2011 …

DANNY ALEXANDER:
(over) I think those are the right choices for the future of our country.
JEREMY VINE:

(over) Okay. In 2011, the Chancellor said “We’ve already asked the British people for what is needed and we do not need to ask for more.”

DANNY ALEXANDER:

Well of course, as we’ve said …

JEREMY VINE:

(over) It went wrong, didn’t it?

DANNY ALEXANDER:

(over) … as we’ve said repeatedly, the economic forecasts have not been as they were when we started out because the problems in the Eurozone have held our country back. The damage done to our country by the banking crisis has been deeper than we thought. So yes it is taking longer. It is a long, hard road that we’re on, but I think we have to stick to that road …

JEREMY VINE:

Okay.

DANNY ALEXANDER:

… and we also have to show how we can invest, as we’re doing so, in the infrastructure of this country because that’s what’s needed to lift our growth potential both now and in the future.

JEREMY VINE:

Let me just move to another area of spending. There are three areas that you’ve ring-fenced: the NHS, education and overseas aid. That’s a lot of money that you’re paying out and not cutting. And it’s not logical, is it, because you run up a debt; the next generation has to pay?

DANNY ALEXANDER:

Well I think it is … in each of those cases, it is very logical. You know schools, our
school roles are rising. Schools need that money to ensure that they can continue to
give the proper education to our children. That’s the future of our country, that’s the
future of our economy. Those …

JEREMY VINE:
(over) Will they have to pay it off?

DANNY ALEXANDER:
… those young people … Well we’re making savings elsewhere precisely to make
sure that they don’t have to pay it off. In the health service, we actually set out in the
spending round what I think is one of the biggest and most radical reforms to our
public services for very many years, which is bringing together health and social care.
As you will know, far too many elderly people in this country fall down between the
cracks in the health and social care system. By setting aside a pool of money that is
jointly commissioned, I think we can deal with those problems - we can bring our
health and social care systems together - and it’s one of many areas which by
reforming the way our public services work, we can save money and improve services
at the first time. That must be the right thing to do.

JEREMY VINE:
I notice that you’ve left out overseas aid, which is the one that drives some people up
the wall. Twelve billion pounds is going to be spent on overseas aid in 2015/16.
We’re building hospitals in other countries that we can’t afford ourselves.

DANNY ALEXANDER:
Well, look, I think that no matter how difficult the circumstances in this country may
be, there are people all around the world who are much, much worse off than we are.

JEREMY VINE:
They don’t pay taxes here with the greatest respect.

DANNY ALEXANDER:
Well I am very proud of the fact that this government alone amongst the developed
countries is meeting its 0.7 per cent commitment for the first time during these
difficult times. That’s not just an investment in those countries. It’s in investment to protect ourselves too. After all, some of these places are where future security risks could come from; and of course if these countries can be built up over time, they’re also new markets for British businesses and British goods. So I think meeting our aid commitments is the right moral thing to do, but it’s also in our national interest too.

JEREMY VINE:
Philip Davies, Tory MP, says “we are the mugs of the world.”

DANNY ALEXANDER:
Well, as on many things, I’m afraid I disagree with Philip Davies on that.

JEREMY VINE:
Do you disagree with James Wharton, another Tory MP who’s got this bill coming in on … This is Friday, the Private Members’ Bill everyone’s excited about, which is going to commit Parliament to an in/out EU vote by 2017. David Cameron wants everyone to support it. Where are you on that?

DANNY ALEXANDER:
Well I disagree with the bill. I voted …

JEREMY VINE:
And the Prime Minister?

DANNY ALEXANDER:
I voted for legislation that this government brought forward, which for the first time will guarantee that a referendum takes place whenever there is a further change in the European treaties that affects Britain. That bill guarantees that a referendum will take place in future treaty change in future. That’s what we promised in our manifesto. I think what’s wrong with this is the idea that we should somehow be wasting our influence in Europe going after nation specific repatriation rather than using our influence in Europe to build up the European economy to support measures that will improve job creation and growth prospects across Europe …
JEREMY VINE:

(over) Yeah, but that argument may not be …

DANNY ALEXANDER:

(over) … because we know from the Eurozone that that’s what’s knocking our economy back so much.

JEREMY VINE:

If you look at the local elections and the rise of UKIP, you can see that that argument is starting to … your argument is starting to fall on deaf ears, isn’t it? People actually think let’s have a proper black and white in/out vote.

DANNY ALEXANDER:

Well I think actually most people in this country recognise that our membership of the European Union - the jobs, the trade, the growth, the security that that provides - is vitally important to this country not just now but for many decades to come. I’m quite confident in that argument. UKIP will come and UKIP will go, but what matters is that Britain stays a full member of the European Union, that we have a referendum as and when a major treaty change takes place, but we don’t try and conjure one up out of nothing for domestic political reasons.

JEREMY VINE:

And the Lib-Dems, what will you do as a party on Friday?

DANNY ALEXANDER:

Well, look, we set out our position on this repeatedly in Parliament and I think that this is a sort of parliamentary stunt, so we’re not going to be there.

JEREMY VINE:

(over) You’re not going to turn up to work?

DANNY ALEXANDER:

I will be in my constituency working hard for the people of the Highlands, as I do more or less every Friday, and I’m sure that that’s the right choice given what’s going
on in Parliament on Friday.

**JEREMY VINE:**
Okay. One more completely different topic, which is Trident …

**DANNY ALEXANDER:**
Yes.

**JEREMY VINE:**
… which we gather is now getting close to finally a deal on exactly how the renewal will work. Are you and the Conservatives at odds over this as well?

**DANNY ALEXANDER:**
Well it’s not quite a deal on how the renewal would work. As you know, we’ve been conducting a review of alternatives to Trident within government for the last two years. I’ve been leading it for the last nine months. That review was completed two weeks ago and submitted to the Prime Minister and Deputy Minister. The question it’s trying to answer is you know is complete renewal of Trident in the way previously planned the only way to protect our country in future? And while the review doesn’t come to any conclusions, I think when we publish the results in a few weeks time people will see that there are choices available to this country, there are alternatives where we can - as President Obama said in Berlin last week - move on from the Cold War postures of the past and try and set out a new future for this country with a deterrent that is credible but where this country can play a role in supporting disarmament in future.

**JEREMY VINE:**
Danny Alexander, Chief Secretary to the Treasury, thank you very much.

**INTERVIEW ENDS**