INTERVIEW WITH:
DANNY ALEXANDER, MP, CHIEF SECRETARY TO THE TREASURY

EDDIE MAIR: The Chief Secretary to the Treasury, Danny Alexander is with me. Good morning to you.

DANNY ALEXANDER: Good morning.

EDDIE MAIR: I want to talk about immigration with you first, if I may. The Lib Dems changed their policy this week. When did you realise the old policy was wrong.

DANNY ALEXANDER: Well, look, we’ve been in government for the last three years, working within government to try and restore confidence in the immigration system. After all, it’s an immigration system that was so full of holes under the previous Labour government that we inherited and I think that if you want a stronger economy, then we need a society that can welcome immigrants who make an economic contribution to our country. That’s what I want to see. But we also need to have rules in our immigration system, that are seen to be fair, that British people can have confidence in and that’s the balance that we’re trying to achieve through all the difficult choices we’ve been making in government and which led to the announcement that Nick Clegg made earlier this week.

EDDIE MAIR: Are you excited about the prospect of David Cameron’s speech in so many of the papers today, trying to stop immigrant families getting on the council house waiting list.

DANNY ALEXANDER: Well, I think it’s sensible to look at the rules around the way that social housing is allocated. It’s sensible to look at the rules too around benefits and access to public services...

EDDIE MAIR: (over the top) Do you like that policy?

...particularly for people who are here illegally or who over-stayed their welcome. Already, several local authorities, as Isabel Hardiman was saying in your paper review earlier, have made these sorts of adjustments. I think it is fair that when we want to have the British public having some confidence that our rules are fair and are properly enforced, that this is precisely the sort of idea that we should be looking at yes.
EDDIE MAIR: This second homes problem you have with one of your housing schemes. Have you sorted that out yet?

DANNY ALEXANDER: Well, I think it’s perfectly clear, we’ve been clear … (interjection)

EDDIE MAIR: …(interjects) Come on, there have been many things but it’s not perfectly clear.

DANNY ALEXANDER: We’ve been clear throughout that the objective of the help to buy scheme is to support those people who can afford their monthly mortgage repayments but don’t have the where with all to make up the deposit of 20 or 25% and we want to ensure, through the guarantee scheme that people can get a 95% mortgage, which you know, many people when they’re starting on the housing ladder, including myself many years ago, were able to do in order to get started.

EDDIE MAIR: But I’m talking about help to buy.

DANNY ALEXANDER: And, well there are two parts of help to buy scheme of course. There’s the shared equity scheme which is about promoting new build properties, trying to get the construction industry, which is one of the bits of our economy that’s been hardest hit by the crisis, going again, creating jobs and building homes. And there’s part of which is about supporting mortgages. We’ve been perfectly clear that the intention of this policy is to help those people who want to buy a home for themselves or family members, to live in but where the current rules about mortgages and deposits, don’t allow them to do that.

EDDIE MAIR: But there’s no doubt about – forgive me, there’s no doubt about the intention. People understand the intention, but if the effect is to allow people to buy second homes through this scheme, that’s a problem isn’t it and you haven’t sorted that out yet, have you.

DANNY ALEXANDER: Well we’ve said that we will consult on the details. The mortgage market is obviously extremely complicated. This scheme is due to come in, in January 2014. Our intention is to help people to buy homes to live in. It is not there to support second home ownership. We’re going to consult on the details, to make sure that this operates in the way intended and not support people who it’s not intended to help. (interjection)

EDDIE MAIR: Why don’t you simply announce? Forgive me, why do you simply announce that you will not be able to buy a second home with this scheme. Making that your starting point and then consult on making that work. Why not do that?

DANNY ALEXANDER: Well I’ve been perfectly clear and so has the Chancellor of the Exchequer, that the intention of this scheme is not to help people to buy second homes. But I do not want to get in to all the details of how this is going to work until we’ve consulted and engaged in detail with the industry because what I don’t want to do is to put in place a scheme that is so
hedged with rules and regulations and caveats that it becomes impossible for anyone to use. That’s why we’re going to consult on the details. Our intention is help those people who want to get on the housing market and cannot afford to because of a lack of deposits. Our intention is not to help people to buy second homes. We’ll work that through as we consult on the detail and I think that is the right way to go. This is a radical new intervention in the housing market. We need to make sure it works in the way intended, which is to be a big intervention to help lots of people get on to the housing market and support house building in this country. That is the right way to approach what is a big, new intervention, which of course has some risks attached to it, but which is necessary to support part of our economy that is very important to this country.

EDDIE MAIR: Does any small part of you wish that this had been a bit more thought through before it came out. It was announced in the budget, your housing minister denied this would have anything to do with second homes, then there was clarification from the Treasury. I mean it’s not an omnishambles, it’s maybe just a bog standard shambles. But it’s this sort of thing that makes people question how economically competent you are if you can’t get your own announcements right.

DANNY ALEXANDER: Well, in the budget we were very clear exactly in the way I’ve just described to you. What the intention of the scheme is, the timetable on which it’s going to be introduced, and the fact that we’re going to consult on the details. I think that is a rational prudent, sensible way to go around designing the detail of a policy, which after all is a very big intervention in an important part of the economy and where the objective, which is support families and support house builders, to create jobs and to enable people to get on the housing ladder, is I think one that most people in this country would share.

EDDIE MAIR: This may all seem small fry of course, if something terrible happens in Cyprus. What’s your reading of things now.

DANNY ALEXANDER: Well clearly, the discussions in Cyprus are at a very delicate stage and this is something that has important implications for this country, both in terms of the fact that we have many British people serving overseas in the Armed Forces and the Diplomatic Service in Cyprus, but also of course on the knock-on effects that it could have for the wider European economy. That’s why we have sent a senior Treasury official to help assist with the details of the bank re-capitalisations that they are working on. But it’s also a reminder I think of the huge problems that we see across Europe, in our major market and a reminder of why it’s important that this country continues to have a strong, stable government, capable of taking the difficult decisions to ensure that we continue to keep our economy on the right track.

EDDIE MAIR: On thinking of difficult decisions, is the Treasury, is anyone in government working on a contingency plan for Cyprus going belly-up.

DANNY ALEXANDER: Well the work that’s going on is to firstly, ensure that we have arrangements in place for our own, serving personnel in Cyprus.
We’ve made very clear that we’ve put arrangements in place for those people and of course the many British people who’ve made their permanent home in Cyprus, to ensure that they should get their ... (interjection)

EDDIE MAIR: ... Sure we know people might be reassured to hear from the Chief Secretary to the Treasury that you’re working on things if Cyprus goes horribly wrong.

DANNY ALEXANDER: Well look of course we look at all eventualities but the most important thing here is to recognise that we have a duty to support our people in Cyprus. We have a very strong need to see the Euro-Zone as a whole get its act together, to ensure that the wider European economy, which is so important to the UK and has been one of the sources of the strongest headwinds against economic growth in this country, sorts out its problems and we’re working with our European partners to ensure that that happens.

EDDIE MAIR: Just a very simple question which has been raised by Nigel Farage, he’s calling on the Treasury to rule out savers in Britain ever having a Cyprus style raid on their savings. Can you give them that guarantee?

DANNY ALEXANDER: Absolutely. We have a very strong, credible deposit guarantee scheme in this country which was extended during the banking crisis. We absolutely stand by that. There is no prospect whatsoever of that being over-turned or change.

EDDIE MAIR: The IFS says we’re all in for really, really, really bad news after the General Election. Are we?

DANNY ALEXANDER: Well look, I think there are further difficult decisions to be made not after the General Election, but in three months time. I’m responsible for conducting a spending round to find another 11.5 billion pounds of savings... (interjection)

EDDIE MAIR: That’s going to be difficult.

DANNY ALEXANDER: That’s going to be difficult choices. I’m looking at departmental spending. I want to do it in a way that maximizes the efficiency savings that we get in government. That looks to reform public services, particularly to get more local co-operation between public servants and support economic growth. After all, over a million jobs have been created in this country over the past three years. Our deficit is down by a third. We’re on the right track. But we need to keep down that difficult road.

EDDIE MAIR: Danny Alexander, thank you.

END OF INTERVIEW WITH DANNY ALEXANDER