ANDREW MARR: 
Never mind the green shoots. “We are on the path to prosperity,” says the Chancellor. Ministers haven’t dared to sound this upbeat about the economy for 3 years, and until the beginning of this year there wasn’t much to be upbeat about. But George Osborne has also made it clear that a return to growth will not change his determination to continue with austerity. Earlier, I spoke to his Deputy at the Treasury, the Liberal Democrat Danny Alexander, and I began by asking him if the two parties form another coalition after the election, does he agree that the trajectory of public spending must continue to go down?

DANNY ALEXANDER: 
Well we take the view, and I take the view, that reducing public spending is not an end in itself - it’s a means to an end - and the end that we’ve been working towards in this Parliament is to create the conditions where the UK economy can recover - and we’re starting to see that recovery coming through now - and where we can have a sustainable set of public finances where as a country we can pay our way. There is going to be more work to be done on that in the next Parliament. We haven’t
completed that task yet.

ANDREW MARR:
Would you like to see a surplus built up if the recovery continues?

DANNY ALEXANDER:
Well, look, we’ll need to take a judgement about that as a party for our election manifesto. What we’ve said is we want to make sure that our structural deficit is dealt with. We’ll get to that position on the latest forecasts by 2017/18. After that point, as I explained in my speech at our Liberal Democrat Party conference, we’ll still have a lot of work to do to reduce the stock of debt we’ve built up as a country, to reduce the amount of money we’re spending on debt interest payments, but precisely what the Liberal Democrat approach to that question will be is something that we’ll set out in our election manifesto. But there’s no reason to believe …

ANDREW MARR:
Okay.

DANNY ALEXANDER:
… there’s no reason to believe that we’ll take the same approach as the Conservatives because, as I say, we don’t think that reducing public spending is an end in itself. It’s a means to an end of a sustainable economy.

ANDREW MARR:
Sure, but I mean I think people watching will think to themselves okay they are the smaller party. In the end, if we get another Conservative Lib-Dem Coalition, there’ll be a ferocious squeeze on welfare, a ferocious squeeze on public spending, and the George Osborne approach, which is that we’re not going to raise taxes generally to kind of plug the gap or pay back; we’re going to do it through public spending cuts.

DANNY ALEXANDER:
But I think …

ANDREW MARR:
That’s going to carry on, and Danny Alexander as a representative of the smaller party can have his manifesto, can sound very, very kind of progressive and all that, but actually when push comes to shove, you’ll do in a second Parliament what you’ve done in the first Parliament.

**DANNY ALEXANDER:**
But I think the question that that is about is what is the role that the Liberal Democrats play in British politics, and I think that the role we play …

**ANDREW MARR:**
Gone right??

**DANNY ALEXANDER:**
… I think the role that we play is about anchoring British politics in the centre ground; making sure that as a country we don’t get pulled off in one extreme direction by the trade unions on the left of the Labour Party or by the anti-Europeans in the Conservative Party; making sure instead that we have a government which can both deliver a stronger economy and a fairer society. And I think we’re the only party in British politics that can offer both of those things.

**ANDREW MARR:**
But on the economy, which is the core of everything, the absolute core, and where you have been working - on the economy, by and large the larger party will get its way and the smaller party will follow. You won’t get a mansion tax through past the Conservatives in a million years. You won’t be able to raise income tax for people at the top in a million years whatever you say now.

**DANNY ALEXANDER:**
Well I don’t agree with the basic contention. The plan that we're pursuing on the economy is a coalition plan. It’s a plan that George Osborne have worked on equally together with Nick Clegg and David Cameron …

**ANDREW MARR:**
And therefore it will continue.
DANNY ALEXANDER:
… and we are delivering that plan. We’ve set out spending plans right the way through to 2016. We’ve set out a trajectory to 2017/18 to deal with the structural deficit. That’s the commitment we made.

ANDREW MARR:
So it’s 2016. Danny Alexander is still in the Treasury. The squeeze goes on. That’s the most important thing I’m trying to establish just now.

DANNY ALEXANDER:
Well we’ve said very clearly that in 2016/17 and in 2017/18, there is further deficit reduction work that will need to be done. As a party, we’ve made clear that we think part of that work will need to be done through additional taxes that are paid for by the wealthiest in this country to make sure that the burden is fairly shared.

ANDREW MARR:
And George Osborne will say in the nicest possible way sling your hook on that, as you know.

DANNY ALEXANDER:
Well he may try to say that, but the truth is what we’ve done in this Parliament is we’ve raised capital gains tax, we’ve had a big attack on tax evasion and tax avoidance. We’ve made many other changes - reducing the tax relief that wealthy people get on their pension contributions, and in many other ways asked the wealthier to pay a lot more.

ANDREW MARR:
Alright.

DANNY ALEXANDER:
That’s a Liberal Democrat contribution, alongside many other things, in the way in which we’re taking forward this economic policy.
ANDREW MARR:
Can I ask a simple question? Do you concede that for average families life has got harder since the coalition was elected; that actually there’s been a squeeze on living standards, they’ve got less to spend? Do you accept that?

DANNY ALEXANDER:
There’s no doubt at all that families across this country are under financial pressure. Given the depth of the economic crisis and the hard work we’ve all had to do to get ourselves to a position where our economy is able to grow sustainably again, that is true. But I’d also say that - you know this is another Liberal Democrat commitment you were asking me about earlier - in April next year, we’ll get to the £10,000 income tax free personal allowance. That was the number one promise made by Liberal Democrats at the last election worth £700 a year for every single working person in this country …

ANDREW MARR:
Sure.

DANNY ALEXANDER:
… so as a government, we’re also helping people with those pressures.

ANDREW MARR:
But overall, do you think that by the time of the 2015 General Election, the average family will see an increase in their real spending power?

DANNY ALEXANDER:
What I know is that there’s only one way to make sure that we do get to a position where living standards are improving …

ANDREW MARR:
(over) You can’t say that, can you?

DANNY ALEXANDER:
… where living standards are improving, and that is to make sure we have strong and
sustainable economic growth. It is the coalition’s economic plan that is the rock on which economic growth is founded, but it’s delivered in the end by millions of working people in this country and thousands of businesses working hard to deliver economic growth.

ANDREW MARR:
You’ve been observing from a slight distance, I suppose, the row over green taxes and energy bills. Are you on the side basically of your leader saying actually we have to protect green taxes; all those parts of green taxes which are to encourage wind farms and so on must be shouldered by the energy companies? The bits that are for social purposes, we might take over onto general taxation?

DANNY ALEXANDER:
Yeah, that’s basically right. What we’re doing at the moment - and we’ll do this over a number of weeks and in time for the Autumn Statement - is we’re looking at every aspect of what contributes to people’s energy bills to make sure that in all these cases people are not paying a penny more than they need to. But you’re absolutely right that our commitments to green energy, our commitments to renewable energy are vitally important and they’re not something that we as Liberal Democrats will compromise on.

ANDREW MARR:
So the sort of 4 per cent or so on energy bills, which is for green energy, will stay there; the 4 or 5 per cent which is for social purposes, to help people in real trouble, might go to general taxation. So people will carry on paying for both of those, just differently?

DANNY ALEXANDER:
Well we’re looking at all of those options. We haven’t made any decisions on either of those things at the moment.

ANDREW MARR:
Can I …
DANNY ALEXANDER:
But you’re right …

ANDREW MARR:
… can I ask how you’re looking because one of the interesting issues is when you’re looking, you’re reviewing green energy, for instance, will those people who are our great critics of, for instance, wind farms, who say they’re inefficient, will they get a say in this or will it be entirely internal private government discussion?

DANNY ALEXANDER:
Well what we’re working on within government is just looking to make sure that in terms of the objectives we have - in terms of, for example, helping people with fuel poverty - we’ve got the Warm Homes discount, which is helping two million of the poorest people in this country with £135 off their energy bills. Is that something that it would be reasonable to say could be paid for by general taxation rather than energy bills?

ANDREW MARR:
Right.

DANNY ALEXANDER:
That’s a discussion within government about what is the right way to achieve the social objectives that we all agree about.

ANDREW MARR:
There’s been reports - I’m sure you’ve seen them - about some of these big energy companies, which are stinging the rest of us, are also not paying their fair share of taxes. They’re using aggressive tax avoidance, legal tax avoidance schemes. What’s your message to them?

DANNY ALEXANDER:
Well my message to any company that is engaged in aggressive tax avoidance is to stop it because we as a government are taking steps right the way across the board -
tackling evasion, tackling aggressive tax avoidance. We’ve got a General Anti-Avoidance Rule that has just recently come into force, but we’re also working internationally to deal with some of these problems that are about how companies move profits from one country to another. So the sorts of loopholes that are being talked about here, we are going to have to address …

ANDREW MARR:
(over) You’re going to have to do more. People are going to be livid about this. They’re paying through the nose for their energy bills and then they’re finding the companies they’re paying to are avoiding paying general taxation in this country.

DANNY ALEXANDER:
Well I obviously can’t comment on the tax affairs of any individual taxpayer …

ANDREW MARR:
No.

DANNY ALEXANDER:
… but people are rightly livid about companies and individuals avoiding paying the proper amount of tax. I’m livid about that. It is something which is not acceptable at any time, but particularly at a time when we’re going through tough spending choices. Everyone needs to pay their fair share.

ANDREW MARR:
Can you go back to Parliament and get some more legislation on this subject to help you do what you want to do?

DANNY ALEXANDER:
Well we’ve taken a lot of powers on this already. We have further action that we’ll be taking at the Autumn Statement, some of which I announced at our party conference in September. We’ve invested a billion pounds extra in HMRC to strengthen their ability to go after tax dodgers. But I think this international work is also very important because the rules that govern international companies was set up a hundred years ago nearly. We’re looking with France, with Germany, with the Americans to really change that, to strengthen it - to stop multi-national companies being able to
artificially shift their profits around - and that’s something which will mean we’ll be able to tackle some of the abuses that are being alleged today.

ANDREW MARR:
Well thank you for that. Can I ask one other huge issue, which is HS2, the high speed rail link?

DANNY ALEXANDER:
Yeah.

ANDREW MARR:
We’ve had reports today that Ed Balls is comparing it to the millennium dome - as a grand government folly - which suggests that if Labour come in, they will pull the plug; and also suggestions that the real cost is rising to £75 billion. Now you see the numbers. You sit there and you see the figures. What is the real cost?

DANNY ALEXANDER:
Well the real cost is the budget that we set out just in June this year - £42.6 billion.

ANDREW MARR:
And it hasn’t changed?

DANNY ALEXANDER:
It hasn’t changed at all. And that number includes within it a significant amount of contingency. I’m very confident that as we work through the project and deliver it, we’ll not just deliver it within that budget but, like the Olympic stadium project, under budget too.

ANDREW MARR:
And that’s a guarantee from you?

DANNY ALEXANDER:
That’s something I am working very, very hard to make sure happens. We’re applying the same techniques that we used to deliver the Olympic park to the HS2 project. But
look what I’d say to Labour is you know if what you’re concerned about is not just London and the South East of England, which you were obsessed about and the City of London when you were in office - if what you’re concerned about is the economic health of the whole country, HS2 is something which can transform the economic geography of this country. When you talk to the civic leaders in Manchester and Birmingham, they will tell you they see this as a huge boost to their cities …

ANDREW MARR:
Yes, sure.

DANNY ALEXANDER:
… not just to London.

ANDREW MARR:
Ed Balls would respond by saying yes, but in the end everything has a cost, everything has a price. Every family’s being told on every kind of budget there is a limit to how much can be spent. It’s just the same with HS2. If the price goes beyond 50 billion, it’s excessive, it’s not worth it, and therefore we will pull the plug. And that is a reasonable message, isn’t it?

DANNY ALEXANDER:
Well everything has a price, but I think one of the things that’s undermined our economy over the last few decades as politicians, including under the previous Labour Government, prioritising short-term spending over long-term investment. We’ve set out long-term plans - investment in roads, in railways, in HS2, in broadband, in our energy networks. These are about making sure our country is strong and able to grow not just this year and next year, but over the decades to come.

ANDREW MARR:
So you can guarantee that the cost won’t be allowed to go a penny above the 42 billion that you’ve got in the contingency plan?

DANNY ALEXANDER:
We have set that budget and we will stick to it.
ANDREW MARR:
Very good. Can I ask you about one non-economic issue, which is the great issue of press regulation?

DANNY ALEXANDER:
Yes.

ANDREW MARR:
At the moment we have the government signing of the Royal Charter. Most of the press saying we’ll have nothing to do with it, we have our own system. What happens now? Why can’t they just ignore what the Government’s doing?

DANNY ALEXANDER:
Well we had a debate in Parliament about this back in March. We’ve amended the cross-party charter in the light of some of the things that we learned from our consideration of the press’s charter. That will go to the Privy Council later this month and …

ANDREW MARR:
And is that it? I mean is there another negotiation to be had with the editors?

DANNY ALEXANDER:
Once that charter is sealed then you know I hope very much that over time and on reflection the media sector will decide that it wants to play its part in making sure that many of the problems that we’ve seen in the media sector over many years aren’t able to happen again.

ANDREW MARR:
So you’re not going … You’re on the committee yourself. You’re not going to go back to the press and say okay, we’re not quite there yet, we haven’t come to an agreement; here’s another concession, here’s another idea?
DANNY ALEXANDER:
Well the committee I was on has completed its work. That was …

ANDREW MARR:
(over) And that’s that done?

DANNY ALEXANDER:
… simply focused on considering the charter that the Press Board of Finance had put forward. But we’ve reached a view about how we want to take this forward - learned from some of the things that the press have highlighted about the arbitration system, for example - but we’re now going to take that to the Privy Council, have that charter agreed and then go forward from there.

ANDREW MARR:
Danny Alexander, thank you very much indeed for joining us.

INTERVIEW ENDS