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THE ANDREW MARR SHOW

INTERVIEW:

IAIN DUNCAN SMITH, MP

WORK AND PENSIONS SECRETARY

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ANDREW MARR:

In the last few days, there's been a great furore about potential welfare cuts hitting the disabled, carers and families, which were leaked from Whitehall. The Tories immediately said that these were not in their plans, but they do intend to take £12 billion out of the welfare budget. It's presumably now a moral necessity to tell us how. Iain Duncan Smith, the Work and Pensions Secretary, is with me. Mr Duncan Smith, welcome.

IAIN DUNCAN SMITH:

Good morning.

ANDREW MARR:

Have you had conversations with the Chancellor about the cuts that you'll make in the welfare budget if you win?

IAIN DUNCAN SMITH:

None of the stuff that you've seen reported in any way have I discussed with him particularly, but it's my job to actually put the plan together and to be able to present this idea of how we actually save £12 billion. Can I just say a couple of things about this because ... as you led with this. The first is that you know a department like the Work and Pensions always churns

away, looking at elements in advance both of this government coming back or another government coming back, puts figures together you know in the list that they produce, which some bitter individual has decided to release out as though it's policy. It's not. But a couple of those things, for example, have been in spending reviews for the last 5 years and we've taken different positions. For example, carer's allowance. You know with carer's allowance, actually quite the contrary: we've raised carer's allowance and we've added an element of carer's allowance into universal credit. So I can't on this programme obviously go through and I'm not going to write the spending review, but what I will say to you is if you look back over our record over the last 5 years, when I walked through the door in 2010 and I made the changes – you know capping housing benefit, looking to change things on the spare rooms subsidy, putting a cap on benefit for people – I was told that people would be driven into homelessness, there'd be people on the streets, people moving hundreds of miles to other cities. None of that happened. You know what we've seen is arrears have fallen, homelessness has not risen – in fact it's half the high peak in 2003 – and millions have gone back to work.

ANDREW MARR:

Okay.

IAIN DUNCAN SMITH:

More people in work than ever before. So can I just say spending more money does not necessarily mean improved lives. It's about where you make the changes to reduce that spending.

ANDREW MARR:

(over) I absolutely ... I absolutely get that. However, can I ask first of all, the triple lock on pensions remains? That's absolutely clear, is it – pensioners are not going to be hit under any circumstances?

IAIN DUNCAN SMITH:

We've already made that clear. But we also by the way ...

ANDREW MARR:

(over) So ... so, sorry, will ...

IAIN DUNCAN SMITH:

(over) ... put a down payment though on the £12 billion. Just to remind you that we've already talked about an extended ...

ANDREW MARR:

(over) There is £2 billion already.

IAIN DUNCAN SMITH:

No there's more than that. We've put an extension already ... we've put an extension on the freeze, so that actually helps save money, and we've also already talked about lowering the cap to average earnings at £23,000. That is already in place. So about a quarter of what is required has already been publicly announced by the Chancellor and myself in the autumn of last year. So our dedication ...

ANDREW MARR:

Okay, so ...

IAIN DUNCAN SMITH:

... and determination to reduce this is clear and I believe it is feasible, but it will change and improve people's lives at the same time.

ANDREW MARR:

What about lowering the cap to reflect the different regional prices of Labour and so forth ...

IAIN DUNCAN SMITH:

(over) Well Labour's talked about this, but I always say that that is an incredibly complicated way of doing something because you know for example take Scotland, take Aberdeen. You know Aberdeen has often London prices, but the rural element of it has much lower income, so it's very ...

ANDREW MARR:

(over) So it's too difficult to do in effect?

IAIN DUNCAN SMITH:

Those sort of things, I've always thought are too difficult to do. But I'm not going to start ruling things in or out at this stage.

ANDREW MARR:

Sure. But having said that you're not going to make changes to pensioners, that leaves you with in work benefits is really the only thing that you can target, which is why when you get a list like this one - looking at carer's allowance, looking at the disabled, looking at many other things, including industrial injuries – people say well those are the kind of things that Iain Duncan Smith must intend to do ...

IAIN DUNCAN SMITH:

Yes, but again you know ...

ANDREW MARR:

... because there's nothing else he can do.

IAIN DUNCAN SMITH:

I know and when we're right and when we're ready, we will talk about what we plan to do. But there are lots of things which we want to do, which are actually about changing lives and I'll give you a good example.

ANDREW MARR:

Sorry, will people know by the time of the election manifesto? Will they know before they vote what you plan to do?

IAIN DUNCAN SMITH:

Well they know for certain that we are going to save that £12 billion. And I must just say ...

ANDREW MARR:

But will they know how?

IAIN DUNCAN SMITH:

Well you know we may, we may not decide that it's relevant to put something out there about

some of those changes. But what I am saying to you is the public cannot doubt for one moment ... Let's just take the existing position. I was told that in this final year of this spending review, we would have to save £18 billion. I was told that was not feasible. We have saved £21 billion and £50 billion overall. And the total savings of £12 billion represents – and this is where I disagree with Paul Johnson slightly – it's less than 10 per cent of the welfare budget. So a point that I'm making is that I believe that in all of that, we have actually improved people's lives. People have gone back to work. More disabled people in work than ever before, more women are in work than ever before and the economy is now moving faster than ...

ANDREW MARR:

(over) I'm not challenging any of that. I'm not challenging ...

IAIN DUNCAN SMITH:

(over) So all of that says reform of welfare is necessary. That reduces the cost to taxpayers because, after all, taxpayers ...

ANDREW MARR:

(over) Yes I'm not challenging that. What I'm saying to you is if I was on welfare, if I was on disability benefit ...

IAIN DUNCAN SMITH:

Yeah.

ANDREW MARR:

... and I was told that you were taking £12 billion out of the budget, I would really need to know before I voted was I going to be hit. Or if I didn't know that, I'd have to be assume that I was going to be hit.

IAIN DUNCAN SMITH:

Well all I can say to anybody who is ...

ANDREW MARR:

Surely that's honest politics – you have to tell people what you plan to do?

IAIN DUNCAN SMITH:

Well I tell you what's honest. Throughout all of my changes, we have protected the most disabled, we have kept disability benefits out of the freeze and we've supported the support group.

ANDREW MARR:

(over) Will that continue?

IAIN DUNCAN SMITH:

Well, as I said, as and when the time is right, we will make it very clear what our position is. But the reality though I keep coming back to, Andrew, is this: there is a very simple choice on this matter. You know here we have a ...

ANDREW MARR:

(over) But if ... Sorry if people don't understand what you're going to do because you won't tell them, there isn't a simple choice.

IAIN DUNCAN SMITH:

Well no, no, I have told them. I've already told them that a quarter of the amount that we need to save is already out there as a good indication that we know where we're going to go to be able to make those savings. What throughout I've always said is I didn't come into this job after years looking at this to just make cheese paring cuts. What we've come in to do is to reform the welfare system, so that we don't waste money on organisations and groups and things that don't actually help life change.

ANDREW MARR:

Okay.

IAIN DUNCAN SMITH:

And so there's lots going on. But I want to ...

ANDREW MARR:

(over) What about limiting child tax relief to two children for people on benefit?

IAIN DUNCAN SMITH:

Well all these things are out there, they're all being discussed. I cannot on this programme and will not on this programme, quite legitimately, try and write the next spending review. What I will say to you is that there are some things that we will do and want to do that are of life changing, dramatic effect, and that is about getting people back to work and improving their life chances. Take, for example, the sickness benefit changes we've made. Those benefit changes alone – if you go back before 2010 ...

ANDREW MARR:

(over) You won't tell us whether you're going to limit child benefit to two people?

IAIN DUNCAN SMITH:

Yes but ... but I'm not going to tell you now. As I said before, it's not feasible for me to write the next spending review on your programme.

ANDREW MARR:

Why not? I mean you must have

IAIN DUNCAN SMITH:

(over) Well I know you'd love it if I sat here and did it, but I'm not going to do it here.

ANDREW MARR:

But you must know what you're going to do by now, in which case you're simply not telling people what you're going to do ...

IAIN DUNCAN SMITH:

No, as I said ...

ANDREW MARR:

... while saying we're going to have huge cuts but we're not going to tell you what they are. It seems a bit unfair to people.

IAIN DUNCAN SMITH:

(over) Well no, Andrew, as and when ... I can tell you now no decisions have been made. As and when decisions are made, of course we will be very open to the public. But can I just say one ...

ANDREW MARR:

So you don't actually know which cuts are going to happen exactly?

IAIN DUNCAN SMITH:

Well I haven't made decisions and we haven't made decisions because it would be dishonest for me to say we've made decisions but we're just going to keep it all secret. That's not the case. I've been honest with the British people from day one; that where we've made changes, we've been open. And I've said that these changes would improve the quality of lives, and I have to tell you right now our welfare reforms have improved the quality of life for the vast majority of the British people and also saving taxpayers' money – which is the key point.

ANDREW MARR:

So you know that £12 billion can be saved ...

IAIN DUNCAN SMITH:

I do.

ANDREW MARR:

... but you have not decided how you're going to save it?

IAIN DUNCAN SMITH:

Well exactly. I know that it is feasible to save £12 billion. It is less than 10 per cent of the overall budget. But here's the point.

ANDREW MARR:

But there is no as it were genuine document like this inside your department that this is what's going to happen?

IAIN DUNCAN SMITH:

(over) Well look, there will be loads and loads of things that people are looking at because

that's what departments do. And you know, as I said, some of these things I've seen since the beginning of the spending reviews and we have rejected ...

ANDREW MARR

(over) And rejected again and again. Okay.

IAIN DUNCAN SMITH:

Yeah. And so my point is ... Can I just make this point – it's very important because you pressed me on this and I want to say this very simple? Look, yes we are committed to taking £12 billion of savings because we believe the economy will benefit from that. But I have to say I listened to the interview you had with Douglas Alexander and you asked him a very simple question - how much of this is tax rises – and he didn't give you an answer. I actually know that they have already said that at least half of the £30 billion that has to be saved will be in tax rises. That means ordinary working people because they wouldn't be saving money from welfare, actually they're going to spend more on welfare, means that taxpayers will end up paying more both because they spend more on welfare and the average taxpayer will pay more because they're going to borrow more because they won't cut the deficit. I think that's a stark choice at the next election: do you want a party that's already proven it can reform welfare and save money or do you want a party that will not reform any welfare, will spend more and raise your taxes because they are not clever about what they do?

ANDREW MARR:

Now we're about to hit what you call Pension Freedom Day when a huge torrent of money is going to be released from annuities, so people can spend them as they want, and already there's a lot of cold calling going on, a lot of financial companies are getting in touch with people and saying "We've got fantastic products, amazing rates of interest." Now for all those people ...

IAIN DUNCAN SMITH:

Yeah.

ANDREW MARR:

... who, like me, may have the kind of financial abilities of a drunk bluebottle ...

IAIN DUNCAN SMITH:

I'm sure that's not true. (laughs)

ANDREW MARR:

It more or less is, I have to say. ... are you absolutely convinced you have put into place the safeguards which will stop people being ripped off when they take that money out?

IAIN DUNCAN SMITH:

Yes, I think so. And I say I think so because what we're doing is building this process. There are two or three things we've done. The first is this live service which is available to people, which is about making sure people have an advice service. So what's happened is we've already had about half a million ...

ANDREW MARR:

(over) These are not trained in pensions. These are not sophisticated pensions advisers, are they?

IAIN DUNCAN SMITH:

No. But they are trained, however, very carefully. Pensions Advisory Service are manning the telephones. They're doing that. You've got Citizens Advice that will be doing the face to face. And my own department is supporting the Treasury because this is the Treasury's advisory service. We will be supporting ...

ANDREW MARR:

So they'll be qualified people?

IAIN DUNCAN SMITH:

Yeah they are. They've gone through a training programme. And the idea here is that people – by the way, about half a million people have already visited the website - and there have been about 10,000 people booking through the telephone system appointments, and you know all those who are eligible have now been contacted. So the point here is they'll be advised to think carefully about what they're doing, to look at what the range of products is, and if they raise an issue or a query about some spectacular product the advisers will say be very careful about going and seeing and taking independent advice. Don't accept it. And by the ...

ANDREW MARR:

(over) Do you think ...

IAIN DUNCAN SMITH:

(over) One other thing.

ANDREW MARR:

... sorry.

IAIN DUNCAN SMITH:

Someone selling you a product, by the way, will have committed an offence now if they do not tell you that this product is not the right product for you. They will commit an offence and will be prosecuted.

ANDREW MARR:

Do you agree with Steve Webb, your colleague, that people should wait for 10 years before deciding what to do with this money?

IAIN DUNCAN SMITH:

I agree with Steve in this matter that people should take their time to think about this. April 6th is not the beginning and the end. April 6th is only the start. And the point is there's about 140 billion pounds worth of you know funds on defined contributions that people will now change, but they can choose for the first time to have the freedom to do the right thing for their own money. After all, annuities locked in under the recession ...

ANDREW MARR:

(over) They certainly did. Very unpopular, I understand that.

IAIN DUNCAN SMITH:

(over) ... would have been very unpopular, unfair. Now we've freed them from that and they have more choice.

ANDREW MARR:

(over) One other ... one other question on this, which I asked the Chancellor about, and he

said I was being incredibly patronising. What happens if Andrew Marr with the financial instincts of a drunken bluebottle goes off and spends all the money and squanders it and then comes back to the state with these handouts saying give me more money? Are you going to penalise people who blow their savings in terms of their future welfare entitlements?

IAIN DUNCAN SMITH:

First of all, I don't think that the vast, vast majority of people would ever look at their savings that have to cover them through their lifetime in that way. But the second point is ...

ANDREW MARR:

Some will.

IAIN DUNCAN SMITH:

The second point is you continue to receive what is this new reform – the single state pension – which will be above the means test, so you will get that basic income; and if there are any fall offs in incomes, of course, the welfare system supports people. But my general view is this.

ANDREW MARR:

(interjects) But you won't look back at what they have done with their pension money as part of how you assess them?

IAIN DUNCAN SMITH:

This is called pension freedom and what we're saying is we – particularly the Conservative Party but also the Liberals at this point – actually trust people to make the best decisions for themselves, having the best advice.

ANDREW MARR:

Okay.

IAIN DUNCAN SMITH:

And that really means that you can pass stuff onto your children. You don't have to sit with a frozen annuity that was frozen at the time of the recession.

ANDREW MARR:

Sure.

IAIN DUNCAN SMITH:

You actually can put things into property if that's a better investment for you. This is what people want.

ANDREW MARR:

We get that. Let me move onto general politics ...

IAIN DUNCAN SMITH:

Yuh.

ANDREW MARR:

... because you're a former party leader, you understand these things. When David Cameron says that he's going to serve a full term and then give up, does that mean that in 2020 the Conservative Party goes into a General Election with no leader at all? How does that work?

IAIN DUNCAN SMITH:

No obviously the way that all comes about will have to be discussed, but I can just set the scene for this. We are in a different world now than we were say when I was leader or when William Hague was leader. In those days, we didn't have fixed term parliaments. The prime minister could call an election after 3.5 years or 4 years if they wanted, so it was very difficult to say what a full term was. Now, under a fixed term parliament, you know it's 5 years.

ANDREW MARR:

You do, but you also have to have that election contest before the election ...

IAIN DUNCAN SMITH:

Yeah ...

ANDREW MARR:

Otherwise the public have no idea, so there has to be an election contest.

IAIN DUNCAN SMITH:

Yeah and ...

ANDREW MARR:

He can't serve an absolute full term? He has to stand down at some point during the next parliament to allow your colleagues to choose a new leader?

IAIN DUNCAN SMITH:

He does. But I have huge faith in the prime minister. I think, given the nature of the terrible circumstances we inherited and under his leadership, we've turned the economy round and he's taken the tough decisions. He will do what he says, which is he will serve what essentially is a full term. Of course if and when that date is fixed – and he will fix it – then ...

ANDREW MARR:

(over) Essentially he has to stand down before the election, however, and he ...

IAIN DUNCAN SMITH:

(over) Whatever else somebody ... of course there'll be a competition at some point. But I have to tell you that will be a competition on the back of a successful prime minister doing something that most prime ministers have never done before: saying I know when it's time to go. You know you've had to literally rap the knuckles off of people like Gordon Brown and previous prime ministers to get them to think about going. He's actually very keen to say there is a limit, there's an amount of time that a prime minister should serve before they get stale ...

ANDREW MARR:

Sure.

IAIN DUNCAN SMITH:

... and he's right about that.

ANDREW MARR:

But if he's thinking about the party as well as himself – which I'm sure he is – he needs there

to be enough time for a new leader to have established him or herself in the public mind, to be well locked in there, which means there ought to be as it were an election way before the election – possibly 2018, that kind of thing – otherwise you have a brand new leader, the country hasn't had a chance to look at them properly.

IAIN DUNCAN SMITH:

Well, first of all, I don't think you're going to have in any shape or form a brand new leader that the country has never seen because all the kind of people that might want to stand for that will have been up in the public sphere for some time. I'm not going to name names, but I'm simply saying to you ...

ANDREW MARR:

(over) Well I know, but I'm going to ask you do you endorse the prime minister's list of three? Does that seem a sort of plausible kind of list to you?

IAIN DUNCAN SMITH:

You know having been leader of the Conservative Party, of a party that was quite interested in having a fight in an empty room in those days but now has changed and wants to have power, I've given up making predictions about who should be doing what I know that those who want to throw their hat in the ring will throw it very hard and those that don't will think about it. But I have to tell you, I have huge faith. I think this prime minister has done a fantastic job. And I think I'll be sorry to see him go as and when he chooses to do that because we have turned the economy around on his stewardship.

ANDREW MARR:

Iain Duncan Smith, thank you very much indeed for joining us today.

INTERVIEW ENDS