



IN CONVERSATION WITH VINCE CABLE

The Lib Dem MP, who predicted there'd be a credit crunch long before anyone else, on bankers, Brown and ballroom dancing

ON THE WALL of the MP for Twickenham's Westminster office there's a cartoon depicting him as what can only be described as a Vince pie. The words above it read, "Of course, I predicted Christmas years ago." It's a wry acknowledgement of his role as the sage of the credit crunch — the ballroom-dancing former chief economist for Shell who predicted the fall long ago, only to see his warnings rebuffed by both the City and Downing Street. His own investments aside, he's having a great recession.

ESQUIRE First things first, what's trickier to master, Latin or ballroom dancing?¹

VINCE CABLE I find Latin harder as it requires more suppleness. The samba and the rumba are difficult. I find ballroom naturally comfortable, and I love the foxtrot and quickstep.

ESQ Who's the second best dancer in the House of Commons?

VC I'm told Hazel Blears is quite keen but I haven't seen anybody else in action.

ESQ You're on YouTube dancing with Alesha Dixon. Was it hard to know where to put your hands?²

VC It was quite awkward at first. You're dancing with somebody, she doesn't know your steps and you don't know hers. Dancing isn't spontaneous — you need a routine. But she moves superbly.

ESQ So, this recession: the Titanic has hit the iceberg and we're waiting to sink or swim. But are there more icebergs lurking?

VC Well, in Rumsfeld terms there are known unknowns and unknown unknowns. The latter are worrying, the idea that some of these trillions of derivatives could still go off — what Warren Buffet called "the hydrogen bomb exploding after the atom bomb". So yes, there are a lot of other icebergs.

ESQ Is global conflict more likely?

VC I hope not. The Chinese have been exemplary global citizens.³ Russia is more worrying. Putin has been stoking up a lot of ugly nationalism, much of it fuelled by oil. He clearly misjudged the fact that oil prices were vulnerable to fluctuation. They have now crashed and his regime is in considerable difficulty. The danger of nationalistic governments in difficulty is they start lashing out and behaving badly.

ESQ What should the Esquire reader with a 125 per cent "suicide mortgage" do?

VC Don't panic over negative equity, the important issue is whether you can service the monthly mortgage. House prices will recover in due course.

ESQ Didn't Gordon Brown rebuff you for bringing this up in 2003?⁴

VC Gordon is like a battle tank and he never gives ground or admits mistakes. I was more concerned by the senior management of HBOS and NatWest, who were lecturing me on how I didn't understand what was going on.

ESQ Aren't you MPs as bad as bankers when it comes to nest-feathering?

VC I think the bankers have beaten us to it because in their case we are looking at vastly bigger sums of money. I agree there is far too much arrogance. The idea that MPs should be trying to block public access to information is perverse.⁵ The

public often misunderstands though. They discover that we're paid £150,000 a year in expenses and they think it goes into our pockets, but it goes to pay staff and office rent — like a small business.

ESQ If you'd won the leadership, do you think the Lib Dems might have had their best shot at winning the next election?⁶

VC No, I don't think so. Nick [Clegg] spends a lot of his time in a way that I don't have to, trying to manage all the party committees, the organisational aspects of the party and a team of MPs, which can be like herding cats.

ESQ Who's likeliest to get us through all this, Cameron or Brown?

VC Neither of them have a clue. Cameron didn't see the crisis coming and doesn't have much to say about it. He is just hoping to get in on the Buggins's Turn principle. Gordon has made very bad mistakes.

ESQ So where have you put your savings?

VC Mostly into my pension. I have a house, for which I have fully paid off the mortgage, and I have a modest amount in a unit trust — basically a mixture of British and emerging market shares that are not doing very well at the moment, but I'm expecting the markets to recover. **E**

The Storm: The World Economic Crisis And What It Means (Atlantic) by Vince Cable is out now

Notes

1) Cable's first wife Olympia Rebelo, who died of cancer in 2001, taught him to dance (2) Filmed for Andrew Neil's *This Week* (3) China has been exporting its savings to the West for years (4) Cable claims Brown called his views "irresponsible doom-mongering" (5) In January, the Government abandoned plans to amend the Freedom Of Information Act to exclude information about MPs' and Peers' expenses (6) Cable was caretaker when Menzies Campbell stood down, but was advised not to stand for election due to his age (66)