FABIAN SOCIETY

WHY THE RIGHT IS WRONG

Gordon Brown

Fabian Ideas 626

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Fabian Society
11 Dartmouth Street
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Why the Right is Wrong

The progressive case for Britain's future

Gordon Brown

About the author

Gordon Brown is leader of the Labour Party and Prime Minister. He was born in 1951 and was educated in Kirkcaldy and at Edinburgh University, where he was elected Rector by the student body. He is a longstanding member of the Fabian Society and has written several Fabian pamphlets and Review articles, and has regularly spoken at the Society's events.

In May 1983 he was first elected to parliament. He was Opposition spokesperson on Treasury and Economic Affairs (Shadow Chancellor) from 1992. With the election of the Labour government in May 1997, he became Chancellor of the Exchequer – and eventually the longest serving Chancellor for 200 years. When Tony Blair stood down as Labour Party leader, Gordon Brown was elected unopposed to that role and became Prime Minister on 27 June 2007.

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INTRODUCTION

In the aftermath of the global financial crisis, many commentators around the world argued that it would herald a momentous shift in politics. The age of neoliberalism was over, they said – and they were right. The crisis has shown once and for all that the right-wing approach of *laissez-faire* and unregulated markets simply cannot face up to the challenges of the twenty-first century. The Right, to put it bluntly, is wrong. Its core belief – a dogmatic hostility to government action, no matter what the circumstances – has now been shown not only to be unfair, but also totally incapable of securing the prosperity it claimed it could.

Such values have always been alien to me. I have always been a progressive in politics; and I believe that it should be our role to harness the power that comes from people acting together to create a better and fairer society. Now more than ever, it is vital that our leaders make clear what they stand for, and these short essays reflect the principles and values that have guided me during nearly three decades in politics. As we emerge from recession, we have reached a crossroads; it is time to decide the objectives we want our politics to aim for.

Do we want a society in which we leave people to fend for themselves – the libertarian recipe of the Right? Or would we rather have a government acting on our behalf that has at its

heart a deeply held commitment to bring opportunity and help to *all* our people – the fortunate *and* the unfortunate, the rich *and* the poor, the strong *and* the weak: one that believes that giving everyone a fair chance should be the fundamental goal of politics?

With the hollow libertarianism of the Right discredited, now is the time to set out in some detail the case for a progressive politics that looks out for the whole of society; a politics that when faced with a recession does not sit by and allow a dole queue of 3 million, calling it a price worth paying – but one that uses the power of government to fight for jobs, skills and opportunities. So I will work tirelessly to protect British people, British jobs and British society, because that is what my principles demand of me – and I believe that when times are tough we should hold to our principles more closely, not abandon them.

But the collapse of neoliberal ideology is not the only legacy of the financial crisis. It has also demonstrated beyond any doubt the degree to which the world is now interdependent. A housing bubble in the US led to a global recession, and its repercussions sped quickly round the world, respecting no boundaries. And, just as many of the problems we face – like climate change, terrorism and poverty – are global and interdependent, so too are their solutions. This is an era in which global co-operation is essential, not optional – and the commitment of progressives to such co-operation is unwavering.

As we move forward to tackle the central challenges of politics – preparing ourselves for the economy of the future, renewing our democracy, creating world-class public services – it is vital that we remain true to our enduring values. These values – fairness, equality and freedom – are those that the British people all share. But it is important that we are clear on just what we *mean* by them, and what they mean in terms of policy-making. So, for example, a passion

for equality does *not*, as those on the Right often seek to argue, mean an outmoded desire for equality of outcome. Nor does an interest in freedom entail that government must *always* simply leave people alone.

These are the themes – along with how, within them, we get from principle to policy – of this short book: knowing what we stand for as progressives, and being proud of these ideals; understanding the challenges that we face together as a country; and facing up to them in ways that are informed by the principles in which we believe.

For me, politics is a calling for people with *values* – those who can point to something and say: 'this is something that I believe in; this is a principle that guides everything I do in public life'. Politics is not a business – nor is this a time – for those who believe that image management, headline-chasing, and policy made up on the hoof will somehow suffice.

I know what I believe, and why I believe it. In the pages that follow, I will set out the values that motivate me – co-operation abroad, equality and freedom at home, and above all else, a passion for fairness. And I will set out how I believe these eternal principles can be applied to the immediate challenges of today: to help create the country that we seek, a Britain of which we can be even prouder – and a future fair for all.

CHAPTER ONE

The Battle of Ideas and the Collapse of Neo-Liberalism

Politics is, at its heart, a battle of ideas – and of ideas based in values. When politicians make the argument for any policy we are appealing to values that we hold dear, and hope and trust we share with a majority in the population. Obviously, these values differ across the political spectrum; if they did not, politics would be little more than a technocratic, managerial process of consensus to achieve commonly-agreed ends.

No such consensus exists. Instead, there is real disagreement about the *values* that underpin policies. Left and Right, Labour and Tory, progressive and conservative – these labels represent real and important differences in how we understand the world and the society in which we live, and in how we should treat one another as fellow citizens. Those on the Right, for example, have always – and usually quite openly – been less sympathetic to the ideal of equality than those on the Left. It is this crucial observation about the importance of ideas and values in politics that led Richard Tawney, the early twentieth-century historian and social critic, to argue that democracy involves not just a choice between different leaders, but between different social *objectives*.

So the battle of ideas is fundamental to politics. And I believe that this is a *progressive* moment in politics – a

moment which we must grasp. The challenges we face in a globalised economy, an interdependent world, and in the aftermath of the most severe global financial crisis since the Great Depression of the 1930s are challenges that, in my view, only progressive values and solutions can address. And only progressive policies can provide these solutions in a manner which is fair for all. Right-wing ideology, by contrast, has never been so discredited. Its traditional goal of *laissez-faire*, leaving everything to untrammelled markets and abandoning the responsibilities we have to work together, has shown itself not just to be unfair, leaving people to sink or swim, but also to be totally incapable of dealing with the challenges of the twenty-first century.

But right-wing politicians are highly unlikely to reverse their commitment to shrinking the size of the state – with all that that implies for domestic and international policy. To understand why this is the case – even in the face of evidence which suggests that a strong state, with effective regulation, support for the vulnerable, and an enabling function to help people fulfil their potential, is essential for a successful economy and society – we must understand the *principles* that underpin the right-wing commitment to the minimal state. This position – the idea that the Government should play as small a role as possible in the economy – has, in its current forms of libertarianism and neo-liberalism, had its day.

It is a doctrine commonly perceived as finding its fullest expression in the works of economists such as Friedrich von Hayek and Milton Friedman. Indeed, during a Conservative Party policy meeting in the late 1970s, Margaret Thatcher is said to have pulled a copy of Hayek's *The Constitution of Liberty* from her briefcase and declared to the assembled company, "This is what we believe!" But perhaps the most revealing defence of libertarianism – because it is so honest –

is the philosopher Robert Nozick's classic, *Anarchy, State, and Utopia*, published in 1974. Its central thesis is strikingly straightforward. A distribution of goods and wealth, Nozick argued, is *just* only if it comes about as a result of free exchanges between consenting adults. As a result, even huge inequalities are justified if they come about as a result of interactions in a free market. But the *consequences* that arise as a result of unfettered market forces are, for Nozick and his followers, essentially irrelevant. Any government intervention in the economy, except to provide a police force, the national defence, and other very basic public goods, is seen as a violation of an inalienable *right* to private property and is therefore forbidden. Taxation is, on this view, theft.

Sometimes the reason that the invisible hand seems 'invisible' is because it is not, in fact, there at all.

This is, of course, a view more radical than many on the mainstream Right today would embrace. But the discrepancy is one of degree, rather than of principle. Many right-wingers, influenced if not inspired by this type of thinking, have an *ideological* hostility to the state. This leaves them with a tendency to assume automatically that, for any given problem, a government-led solution is the wrong one; and that, left to its own devices, the market is self-correcting and self-regulating. Witness, for example, the fanciful suggestion advanced by some on the Right that the global financial crisis was caused by *too much* regulation of financial markets! Such a conclusion could, I believe, be reached only under the influence of neoliberal ideology – however vaguely acknowledged.

Nozick's intellectual honesty may still find some admirers, but for me the values that underlie his libertarian theory are wrong, and I think the great majority of the British public would agree with me. I believe in a helping hand for those who have worked hard but who, through no fault of their own, have fallen on tough times, and that we should not leave people to sink or swim. I believe in a basic social solidarity, that we are our brother's keeper; and that this principle is embedded in British society, and represented in a world-class NHS and other public services. I believe that the family into which you're born should have absolutely no bearing on your chances of having good health care, going to a good school and to university, of getting a good job, or getting on in life.

I believe, in other words, in fairness for all. The libertarian-inspired Right does not and cannot believe in any of these things – even if, in its mainstream manifestations, it prefers to understate that disbelief. For if your fundamental commitment is to minimally constrained free markets, then you lack the mechanism – a strong, effective, enabling state – by which these goals can be realised.

Even if we put these points to one side, the global financial crisis has demonstrated once and for all that leaving markets to their own devices – in the *laissez-faire*, neoliberal manner demanded by the libertarian Right – simply does not work. I have long been fascinated by the work of Adam Smith, the famous Enlightenment economist who hailed from my home town of Kirkcaldy. Smith fully grasped the vital role that markets and trade can play in generating prosperity, stimulating innovation and creativity, and making everyone better off. But his thought has been fundamentally misinterpreted by many on the Right. In *The Wealth of Nations*, Smith writes of an 'invisible hand' at work in the operation of the market, which enables the pursuit of individual self-interest to work

in the common good. In an often-quoted passage, Smith observes that "it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages."

However – and this is the point that is so often not understood – Smith did not see this as the whole story. He did not believe that self-interest *always* yields public benefit; nor did he believe that public goods can *only* be produced via the pursuit of self-interest. Indeed, Smith makes clear in his *Theory of Moral Sentiments* – the book in which the term was in fact coined, and the book of which he himself was most proud – that the invisible hand must be accompanied by what might be described as a 'supporting hand': the idea that we should not pass by on the other side when others are in need of our help and it is within our power to help them.

So, despite the dubious exploitation of a limited selection of Smith's ideas by the Right, I believe his commitment to fairness places Smith firmly within the progressive tradition. Moreover, as brilliant and insightful as Smith was, modern economics has shown us that, as the Nobel Prize-winner Joseph Stiglitz has written, sometimes the reason that the invisible hand seems 'invisible' is because it is not, in fact, there at all.

As Smith well knew – and made clear for subsequent generations – we cannot rely on self-interest to work in the same direction as the common interest, or to deliver broader societal goals; this is surely one of the clearest lessons of the financial crisis. In circumstances like those, we need the state – and indeed states working together – to step in and ensure that the good of the many is put ahead of the good of the few.

No one now doubts that markets are absolutely central to the success and well-being of a modern economy and society.

Markets are in the public interest. But they cannot automatically and wholly be equated with the public interest. They are not, as some on the Right are all too keen to believe, an all-powerful force that is capable, if left to work in its own way, of solving all problems. We must never lose sight of the fact that markets are our servants, not our masters. They should be managed to serve the ends that *we*, as a democratic society, choose; and we must resist the thought that the 'logic of markets' somehow 'compels' us to embrace certain policies or ways of organising our economy. The political philosopher Michael Sandel has written illuminatingly on the need for markets to be imbued with *morals*. There are moral limits to markets – things that they *should* not do, even if they *could* do.

In last year's Reith Lectures, Sandel gave the theoretical example of a market in refugees. Even if, he argued, the market proved 'efficient' in finding refugees safe havens, we recoil at the idea of treating people – in this example – as a marketable good that can be 'traded'. A similar argument can be made in relation to bankers' bonuses. Even if there is a certain market logic which might justify huge bonuses to bankers who have quite clearly not performed well, there is an understandable and justifiable moral outrage amongst the public that such people can be so handsomely rewarded for their failures – especially given that such failures collectively have harmed millions. This was part of the motivation for the tax on bonuses that we introduced last year. As John Kenneth Galbraith argued, such payments represent not the verdict of society, as their recipients sometimes think, but rather their verdict on themselves.

An appreciation of the virtues – but also of the limitations – of markets has always been a central element of Labour thinking, and this element of our progressive philosophy is now more relevant than ever. With the *laissez-faire* approach

of the neoliberal Right now thoroughly discredited, right-wingers have found themselves with little in the way of substantial and coherent principles to fall back on. They have been forced, as a result, to take one of two options. The first option is denial. Some politicians and commentators on the Right still cling to the outmoded idea that government can do no good; this explains their expressed willingness to 'let the recession take its course' and their opposition to the measures we took to support the recovery. The second option is a reliance on sound-bites, presentational gimmicks, and intellectual fads to provide 'mood music' that conceals a lack of deeply held values and principles.

All of the social problems which are said to constitute the 'broken' society are in fact diminishing, not growing.

Take, for example, the attempt to present Britain as somehow 'broken'. As a serious analysis of the state of British society, it is clearly and completely flawed; statistically, all of the social problems which are said to constitute the 'broken' society – crime, divorce, teenage pregnancy and so on – are in fact diminishing, not growing. And as a positive programme for action, it is non-existent; all we have heard are confused and contradictory ideas about the Married Couples' Allowance. 'Broken Britain' therefore fails – by its fundamental untruth as much as by its failure to lead to any coherent policy thinking – and becomes, along with the station-bookstall philosophy of 'Nudge' and the chimera of 'red Toryism', simply more evidence of intellectual bankruptcy on the Right.

As progressives, though, we know what we stand for. We know that an enabling government can be a force for good, empowering people and helping them to fulfil their potential.

We know that the success of a society cannot be measured solely by its wealth, important as that is; and nobody will ever be able to say of us that we know the price of everything and the value of nothing. We know that opportunities should be available to the many, not just to the few. And we know that we are stronger when we work together, that we are not just a collection of individuals, and that there *is* such a thing as society.

These principles motivate everything that we do. They are the reason I went into politics, and they underpin everything I have fought for, and will continue to fight for, in my political career. What's more, I believe that these are principles that the British people share. We are living in a progressive moment. Neo-liberalism has, quite simply, collapsed. It has shown itself not just to be unfair but also to be totally inadequate in doing what it claimed it could do – ensure prosperity for all.

There has never been a more pressing need for progressive governance, for the intelligent use of common action to make the market work better, and to make it work for the benefit of all in society, not just those at the top. In the following chapters, I will show why I am convinced that it is only by progressive thinking that we can provide solutions to the various challenges – domestic and international – that we face, and provide them in ways that draw upon our core values as a nation. Progressive ideas and values have been waiting long enough. Never before have they been so relevant and so necessary. Now their time has come.

CHAPTER TWO

Globalisation and a New Internationalism

Never before, in all human history, has the world been as interconnected as it is now. Since the middle of the last century, successive and ever-more-rapid advances in transport and communication have connected countries thousands of miles apart, and opened up enormous opportunities for trade, cultural exchange, and travel that have enriched human life immensely. But for all the benefits and opportunities that the 'shrinking' – or to borrow Tom Friedman's term, 'flattening' – of the world offers us, it also poses challenges. Economic globalisation offers us access to new markets for our goods and services – but it also means additional competition for British workers and companies in the global marketplace. International travel allows us to broaden our cultural horizons and enjoy new experiences – but also makes it easier for new infections like swine flu to spread. And many of the greatest challenges we face – climate change, terrorism, or economic instability – transcend national borders, and therefore cannot be tackled by one or two countries, however powerful. Our world now is one characterised by 'complex interdependence'.

So this globalised world offers us a prosperous and life-enhancing future. But, with our lives so much more closely

bound up with those in other countries than ever before, it also presents challenges – and if we are to succeed in overcoming them, it is abundantly clear that international co-operation will be vital. Fortunately, progressives come from a political and philosophical tradition already inclined towards this more co-operative mode of thinking about international relations. The Right, by contrast, has traditionally drawn on a well of ideas which is far more sceptical about the possibility of co-operation in the international sphere, and instead emphasises the inevitably of competition and, ultimately, of conflict.

Let me explain. The political Right has, in general, come to accept a view of international relations known as *realism*. It is a view traced right back to the Greek historian Thucydides in the 5th century BC, and has since been espoused by the likes of Machiavelli and Hobbes, as well as more modern thinkers like E.H. Carr. Realists make two key claims which, taken together, lead them to their inherently rather pessimistic view of international affairs. First, they believe, humankind is inherently egoistic and self-interested, and people (and therefore the states that they govern) will consequently always seek to maximise their own wealth and power. Second, they see the international stage as fundamentally anarchic – that is, in the absence of a world government, "the rule of the jungle still prevails." Crucially, realists perceive these two features of international life as being *ineradicable*. States inhabit, on this view, a dog-eat-dog world, where each state must follow its own national interest, where the prospects for mutually advantageous co-operation are limited, and where conflict in inevitable.

In opposition to this worldview, and the inspiration for the progressive understanding on international relations, is a theory that is most often described as *liberalism*. Drawing on a philosophical tradition including the likes of Kant and

Mill, liberals are far more optimistic than realists about the potential for co-operation in the international sphere; as the former US President Woodrow Wilson argued, international relations is – or at least has the potential to be – less like a 'jungle' of chaotic power politics and *realpolitik*, and more like a 'zoo' of peaceful and regulated interactions. They point to the influence that international institutions like the UN, the EU, and the WTO can have in mediating conflicts between nations; to the effect trade has in creating incentives for co-operation and peace; and to the role that norms and values shared between states can play in bringing them closer together.

A focus on co-operation involves a sophisticated understanding of what British interests are, and how they are best fulfilled.

So those of us who have drawn inspiration from liberal theories of international relations are naturally predisposed to look for areas in which co-operation is possible. Of course there will be issues on which we have real disagreements with international partners; and of course it is right that in these cases we should put British interests first. But, whenever we can, it is also right that we should look for ways in which to co-operate so that *all* are better off. Indeed, as I have already suggested, in many areas we simply don't have a choice. Take the issue of climate change. Does anyone really believe that we can defeat climate change without strong action from the EU, without legally binding targets for both the world's richest nations and the largest developing economies like India and China – without, in other words, international co-operation at every level? Or consider the global response to the recession. Central banks worked together and coordinated interest rate cuts, and governments did the same with

coordinated fiscal stimulus packages – all recognising that taking action together, in concert, would be far more effective than each acting alone.

The list of examples is almost endless. As we continue to work on a global deal between nuclear and non-nuclear states, the need for co-operation from both sides – with non-nuclear nations agreeing to renounce nuclear weapons in return for access to civil nuclear power, and the nuclear powers agreeing to a credible roadmap to disarmament – is central to fulfilling our ambition of a world free of nuclear weapons. Or consider the threat of international terrorism. Co-operation with our international partners – sharing intelligence, working together to cut off the financing of terrorist groups, or fighting side by side in the 43-strong coalition in Afghanistan – makes us *all* safer than ever we could be through acting alone.

And as we devise a new system of regulation and taxation of banks, it would be a mistake to act alone and unilaterally, as some have suggested. This would serve only to drive financial institutions away from Britain, with all the damage that would do to the rest of our economy. That is why I have been in discussion with the leaders of the United States, France and Germany to drive forward comprehensive reform in this area; and on the basis of these discussions I believe that an international agreement is now within our grasp on the first ever multilateral financial levy to be paid by financial institutions in *all* the main financial centres.

So international co-operation is much more than just a luxury we can indulge in from time to time, or when it appears expedient in the short-term to do so. It is, rather, a mindset: a philosophy which must continuously motivate our thinking and our action in international affairs.

This does not involve putting the interests of others ahead of Britain's. Nor does it mean that co-operation will always be able to solve every problem. When peaceful co-operation reaches its limits, the use of force may be unavoidable, necessary and justified. And conflicts today are rarely state-on-state, but fought by non-state irregulars, often in lawless states and amid civilian populations. The fighting, peace-keeping and reconstruction skills required for effective intervention in such circumstances are complex, and British forces have developed these skills to as high a level as any. That is why it is vital that we maintain the strong, flexible and highly-trained military we have today, and are able to call upon it when needed – and we should be immensely proud that Britain can deploy the finest armed forces in the world.

Rather, a focus on co-operation involves a sophisticated understanding of what British interests *are*, and how they are best fulfilled. What's more, the challenges we face take on even more importance when we take account of the degree to which they are themselves interrelated. Climate change, for example, may lead in future to armed conflict over increasingly scarce resources. It will also make it harder for poor countries to develop economically; and this in turn may provide fertile territory for recruiting the terrorists of tomorrow. Failure to control nuclear proliferation will increase the chances that a terrorist group manages to acquire a nuclear weapon. Securing global economic stability is vital to achieving all our goals, not least the alleviation of global poverty. And so on.

So co-operation is vital if we are to meet the challenges of a globalised world characterised by 'complex interdependence'. But it is not the only progressive value which takes on a new importance in this increasingly global era. Take, for example, our understanding of markets, and our awareness

of their limits. We see clearly the benefits that global markets bring when they are working well. International trade, as Adam Smith and David Ricardo showed, leads countries to specialise in areas of comparative advantage, encouraging efficiency and lowering prices for consumers. Similarly, global financial markets, when properly regulated, encourage the efficient allocation of capital, boosting economic growth and prosperity. However, we realise that, just as in the national context, markets cannot, by themselves, be relied upon to solve every problem we face. At the global level, in no area is this more evident than concerning climate change. Although climate change has been described by the eminent economist Lord Stern as "the greatest market failure the world has seen," many on the Right still seem unable to face up to the problem. Despite the overwhelming scientific evidence showing that climate change is happening and is man-made, there remain those who deny the science and who want to do nothing about it.

Interestingly – and to progressives unsurprisingly – such deniers are drawn almost exclusively from the political Right. Why is this? The answer, to me, is clear. The ultimate solution to climate change will involve an international agreement that puts a cap on global greenhouse gas emissions, requiring strong domestic action to meet ambitious targets in cuts. Meeting these targets will inevitably require a leading role for government, through regulation, providing incentives for adopting clean technology, and the introduction of 'green taxes', among other things. Clearly these measures are anathema to the free market ideologues of the Right. On this issue, then – upon which the future of humankind literally depends – much of the Right is so hamstrung by its market fundamentalism that it is completely incapable of even accepting the existence of the problem, let alone contributing constructively to its solution.

On global poverty – the other great moral challenge of our time – the Right is also intellectually deficient. Its spokesmen often argue that foreign aid is largely wasted, and that severe poverty is caused almost entirely by poor governance in the affected countries. Government policy is, of course, a crucial element in how well a country fares; but almost no economist believes that it is the only one. While many on the Right want to persuade us that there is little that rich countries can usefully do to promote economic development other than provide freer access to our markets, works such as Jeffrey Sachs's *The End of Poverty* and Paul Collier's *The Bottom Billion* blow their arguments out of the water. They show how factors like the prevalence of malaria or whether a country is landlocked – factors for which governments cannot be blamed – greatly affect development, and show too the vital role that aid and other forms of foreign assistance can play in enabling poor countries to escape the 'poverty traps' that these countries often find themselves in.

We have important duties to human beings, wherever they live. We live in a global society, and must develop a sense of global citizenship.

So progressives understand that, at the global level as much as at the national level, we are not bound to accept only those outcomes that are produced by leaving everything to the market. A concern for fairness motivates us in everything we do. Nowhere is this more important than the vexed issue of globalisation. Some progressives subscribe to the 'anti-globalisation' movement, seeing globalisation as a process that benefits the rich and powerful at the expense of the poor and powerless. This worry is an understandable

one, but such critics are profoundly mistaken in their desire to somehow 'undo' globalisation. Rather, we should concentrate, as the Nobelist Joseph Stiglitz has argued, on how we can make globalisation 'work' better – for all. The potential benefits of globalisation – in terms of increasing trade and cultural exchanges – are enormous. It is disingenuous, though, to assume that they will accrue equally to all countries, or to all people within a country like Britain. We must be honest and accept that some British jobs will come under threat from increased global competition. But globalisation is a huge net plus for Britain – so long as we can include *everyone* in its benefits, by adapting to changing conditions and providing training and new skills so that people whose jobs have gone can move to new and often better-paid jobs in unthreatened sectors. The rising economic powers – Brazil, India, China and others – are often seen as a threat to British workers. But before long, these countries will stop being producers competing with us, and as their economies grow become instead consumers – opening up huge new market opportunities for us.

And just as we must ensure that all in Britain share in the advantages of globalisation, so too must we make sure that the process of globalisation treats developing countries fairly. This is, of course, a moral issue – one of human decency. But it concerns us as a matter of self-interest too; our approach is hard headed as well as idealistic. The Right may see the interconnectedness of a globalised world as being fraught with danger, and leading inevitably to competition and conflict – note, for example, Samuel Huntington's famous 'clash of civilisations' thesis. But I believe we are much more likely to avoid such an undesirable outcome if we make sure that globalisation is managed – and is seen to be managed – in a way that ensures that every country, rich and poor alike, reaps the benefits of

economic integration. In any case, I believe Huntington and his followers to be too pessimistic. As Bill Clinton rightly points out, all people everywhere are genetically 99.9 per cent the same, and all have largely similar ambitions for their own lives and for those of their children. This essential commonality gives us the foundation for a future built on co-operation and mutual understanding – rather than on conflict and mistrust.

Fundamentally, though, we do not have to rely on notions of narrow self-interest. Just as we value fairness at home, so too are we outraged by injustice abroad – and there can be little doubt that, in a world where 25,000 children die each day because of poverty, ours is a world where deep injustice persists. There is nothing wrong in maintaining that we have special duties to our compatriots; it is, of course, absolutely right that I will always fight for British interests. Indeed, such a position is defended by leading contemporary philosophers like John Rawls. Just as we are entitled to treat members of our family differently to strangers within domestic society, one might argue, so too are we entitled to give priority to fellow nationals in the international context. But it is also the case that we have important duties to human beings, wherever they live. We live in a global society, and must develop a sense of global citizenship in response to this reality. We can prioritise fellow nationals only against a backdrop of fairness. So, to extend the family analogy, just as it is unfair to use a position of influence to secure a job for a family member, so too is it unfair to use national influence on the international stage to impose unduly harsh trade terms on developing countries. If we bear these principles in mind, globalisation can be made to work better for everyone, and countless lives in poor countries will be saved. There is surely no greater moral challenge facing our world today.

So only progressives have the intellectual armoury needed to tackle the great global problems of our time. It is no coincidence that on climate change, on poverty, on globalisation and on a whole host of other issues, it is progressive thinkers, activists and politicians who are showing us the way forward. These challenges are not straightforward. But the only way we will address their complexities, and overcome them, is by a steadfast commitment to co-operation, to multilateralism, and to strong international institutions: international development through a renewed commitment to the UN's Millennium Development Goals, working together to save lives and build hope in the poorest countries in the world; global financial stability and economic growth through international organisations and institutions like the G-20, more important today than ever; and peace and security maintained by nurturing alliances, sharing intelligence, and working multilaterally wherever possible. By embracing these approaches, and guided always by our progressive values, we can and will ensure that the twenty-first century is one of unprecedented prosperity and security – prosperity and security to be enjoyed by all.

CHAPTER THREE

A More Equal Society

Progressives have always believed in equality. It is at the core of the progressive creed – the one thing that unites us all, no matter what our other differences may be. We believe that inequality is not just inherently *unjust*, but also that it has tangible and concrete negative effects on society. Talk of 'equality' in vague and general terms, though, can often be misleading and unhelpful. When we advocate equality we do not, of course, mean the outmoded idea of equality of outcome. But what does equality mean today?

All mainstream politics, and political philosophy, takes place on what the political philosopher Ronald Dworkin calls an 'egalitarian plateau'. With the exception of racist groups, everyone in politics now endorses equality in *some* sense. Everyone believes that all people are of equal fundamental moral worth, and that all should therefore be treated by the state as equally valuable. What people disagree about, though, is what this actually amounts to. The idea of equality endorsed by the Right, for example, tends to the minimal. Nozick and his followers argue, as noted, that treating people as equals involves, essentially, respecting their property rights equally. This may lead to huge inequalities in wealth but, for Nozick, this is not the type of equality that matters.

For progressives, though, this is a highly unsatisfactory account of what equality should mean. Many would endorse the notion of 'equality of opportunity'. The central insight of this position is simple and attractive. It is surely unfair, the argument goes, that people have *unequal* opportunities in life simply because of the families or the social class that they happen to be born into. Children who are born to wealthy parents should not have better chances in life than children who are born to poor parents, simply because they are wealthy; a talented poor child and a talented rich child should have an *equal* chance of fulfilling their potential.

I embrace the ideal of equality of opportunity. But I oppose equality of outcome. I believe in equal opportunities for all, and unfair privileges for no one; not *equal* outcomes, but *fair* ones. Achieving genuine equality of opportunity would constitute a massive transformation of our country. The child of the low-income single parent having the same chance of going to university as the child of the affluent professional; an end to the monopolisation of certain careers by the offspring of the well to do; nobody's progress in life impeded by the wealth of the parents they were born to, or the part of the country there were born in.

This is, without doubt, a worthwhile and important goal. But I believe we need to think more boldly about equality. Simply put, equality of opportunity is an ideal that is impossible to achieve without also embracing fairness of outcome. For while some families have more money than others, they will always be able to secure advantages for their children that will give them opportunities that poorer children will not have – private tuition to supplement schooling, foreign holidays to help learn languages, and so on. Equality of opportunity is desirable, but it is only fully possible if we embrace fairness of outcome, too. Does this mean, therefore, that we should subscribe to the ideal of *equality* of outcome in

order to secure full equality of opportunity? I believe not. Incentives are a necessary part of an economy and society; they drive aspiration and encourage people to work harder, do better, and create new ways of doing things. They also, of course, cause some inequality. But this kind of inequality can be justified if it makes *everyone* better off than they would otherwise be, especially the poorest; this was one John Rawls's great insights.

Absolute equality of outcome has *never* been advocated by those on the mainstream Left, whatever caricature the Right might present of the progressive position. Equality of outcome, as many progressive thinkers and politicians have argued, is contrary to human nature and inimical to liberty and personal autonomy. It is important to realise, though, that this is not the same as saying that we should not care about inequalities of outcome at all. Any genuine commitment to the principle of equality of opportunity *entails* achieving fairness of outcome; in other words, limiting inequality of outcome to some degree. For, as we have seen, inequality of outcome in one generation leads automatically to inequality of opportunity in the next, as parents legitimately use their resources to give their children a head-start in life.

Inequality of outcome in one generation leads automatically to inequality of opportunity in the next.

So where does this leave us? One novel approach is provided by Professor Amartya Sen – in my view the leading public intellectual of our generation. Sen's contribution to the debate on equality cuts through the debate on equality of outcome versus equality of opportunity, and has inspired many of the policies and programme we have introduced

since 1997. He argues that previous thinkers on equality have tended to focus their attentions too narrowly, usually on the *resources* that people have. This, Sen thinks, unduly emphasises – in his term, 'fetishises' – how much people *have*, when what really matters, what people really care about, is how much people can *do*. Two people with exactly equal resources, he points out, can have vastly different *capabilities*; if one person is severely disabled, while another is fully able-bodied, and are in all other respects identical, the latter will likely have far greater 'basic capabilities' than the former. Sen argues persuasively that it is these basic functional capabilities – the capability to lead a life of good length, to have bodily health, to be able to move around freely, and so on – that those concerned about equality should be interested in. All people, Sen argues, should be able to equally enjoy these basic capabilities. Resources, particularly the amount of money that people have, are of course important in this theory. But it is not resources themselves that should be equalised; indeed, Sen explicitly points out that different people will need different levels of resources to achieve an equal level of basic capabilities. And he is clear that resources matter only insofar as they impact upon people's capabilities, not in and of themselves.

With the insights gained through Sen's highly original approach, I believe that we have a coherent and compelling vision of the type of equality that we should be aiming for in a modern society and economy. So far, though, this has all sounded extremely abstract and theoretical. I do believe that philosophy plays a vital role in helping to clarify what we believe, what we don't, and why. But philosophy is not, ultimately, what motivates my concern for greater equality. Rather, what motivates me is my own experience of growing up in an ordinary family in an ordinary town, the values instilled in me by my parents, and the things I have seen and heard with my own eyes and ears. To me, social justice is not

an abstraction. It is, rather, houses without damp, teachers in our schools, nurses in our hospitals, and the avoidance of needless unemployment. Aneurin Bevan once wrote that "a free people will never put up with preventable poverty." I believe that this statement is as true now as it was almost sixty years ago.

But Bevan also believed, as I do, that social justice is about more than roofs above our heads, nurses and doctors when needed, money in our pockets. It is also about the liberation of human potential. Central to realising the progressive vision of equality must be the role played by enabling public services – 'enabling' in the sense that they enable each and every person to fulfil his or her potential, and to be able to meet basic capabilities. I know this more than most. I benefited from a free education that was, quite simply, the only available path I had to becoming the best I could be, since my parents, like so many others, did not have the option of putting my brothers and me through fee-paying schools. And then, when I injured my eye playing rugby and was in danger of going blind, the compassion and skills of the NHS ensured that I retained my sight. Without the NHS, my parents would have struggled to pay for private treatment. Our public services save and transform lives every day, just as they transformed my own. And if we believe that all of us, irrespective of the circumstances of our birth, deserve the opportunity to maximise our potential and to develop as fully as possible the talents that we have, then it is clear that world-class public services, accessible to all, are absolutely essential.

The area in which the enabling role of public services is perhaps most clear is education. Believers in equality have often been accused by those on the Right of wanting to 'level down' – in other words, to make some people worse off in order to bring them down to the same level as people who have less. Nothing could be further from the truth. As the

Uruguayan thinker José Enrique Rodó wrote, we should be seeking "not to reduce all to the lowest common level but to raise all towards the highest levels." Education is central to this ambition. We must raise the skills and aspirations of all young people – indeed, of people of any age through opportunities for lifelong learning – so that they can flourish in whatever area their talents best suit. As the nature of our economy changes in response to the forces of globalisation, the jobs of the future will increasingly be hi-tech, high value-added, and highly skilled. Our future prosperity depends upon investing in the talents of the many, not just the few, as we compete in an increasingly globalised world. Today it is our people, not our raw materials, who are our essential economic resources. This, I believe, is what President Obama meant when he declared that "education is no longer just a pathway to opportunity and success; it's a prerequisite for success." We must level up, not level down, and education is at the forefront of that struggle.

This shows that our commitment to equality is not simply a question of fairness, of justice, of wanting to do the right thing. There are also very important *practical* reasons for wanting to limit the degree of inequality within society. *The Spirit Level*, a superb book written by the British academics Richard Wilkinson and Kate Pickett and published last year, shows the tangible social effects of inequality. They show, extremely convincingly, that inequality *causes* a whole range of social problems – from mental illness to obesity, teenage pregnancy to crime – to be far worse than they would otherwise be. Their analysis demonstrates that it is the inequality itself – not absolute levels of deprivation – that, in various ways, exacerbates these problems. And they show how reducing inequality therefore helps *everyone* in society – not just the least well off. Their work should serve as a clarion

call for everyone in politics, for the health and social issues that the book addresses are ones that all of us want to tackle – whatever our other political beliefs. So there are persuasive practical reasons to work towards greater equality – convincing even to those who do not see it as an issue of principle in and of itself.

The fight for equality is one which animates all progressive politics. It provides us with our sense of mission, and it will characterise our future just as it has characterised our past. The fight will be hard. As the writer William McIlvanney has observed, it is easier to succumb to vested interests than to take them on; easier to take your own share than fight for everyone to have a fair share; easier to see progress as moving up on your own than ensuring that everyone moves up together. But the easy option is not always the right option. Equality is an ideal worth fighting for – even when the fight is hard. We know that fairness demands a more equal society. We know that greater equality will have all sorts of social benefits. But, most of all, we know in our hearts that making society more equal is the *right* thing to do.

The Right has never been committed to equality, except in the most limited and formal of senses.

Our values – the values of the British people – tell us that it is right that we should all have equal chances to fulfil our potential, all be able to view ourselves and one another as citizens of equal standing, and all have enough to get by and to have certain basic capabilities. These are the values that motivate us as progressives, and inform what we do and why we do it. And they are values that the Right, quite simply, does not share. The Right has never been committed to equality, except in the most limited and formal of senses. They see

equality and liberty as inherently in tension, and in this claimed trade-off prioritise liberty. But the belief that we must choose between these two core values is fundamentally mistaken and, in the next chapter, I will try to show why.

CHAPTER FOUR

Liberty

Thinkers and politicians on the Right have often attempted to commandeer liberty for themselves – as an inherently right-wing value. The traditional progressive concern for equality, so the argument goes, is necessarily at odds with a concern for freedom. According to this caricatured view the two values are fundamentally and necessarily in tension, with the Right valuing liberty over equality and the Left valuing equality over liberty. The truth, as often, is more complex, more interesting, and more illuminating. Properly understood, I believe, liberty and equality are in fact mutually reinforcing. The view that they are somehow opposed or inimical to one another relies on a simplistic and incomplete notion of what 'liberty' is, and what it means to be free.

The traditional right-wing understanding of liberty is simple: a person is free if they are not subjected to external constraint on their action. The more you are constrained, interfered with, or prevented from doing what you would otherwise have done, the less free you are. This understanding of liberty is often known as 'negative' liberty. The term was coined by Isaiah Berlin, and it is easy to see why he gave the position this name; 'negative' liberty clearly involves the *absence* of something – namely, external constraint. For the Right, negative liberty is the beginning and

the end of the story. It might seem, at first, to be an attractive account of what freedom is. And indeed it is attractive – up to a point. Of course, we must be concerned to limit the degree to which external agents – most obviously the state – can meddle and interfere in people's lives.

Every person has a vital interest in being protected from the perils of arbitrary government. This is, indeed, a fundamental right, and the history of the last century serves to emphasise just how important it is. The liberties that we enjoy in Britain – freedom of speech, freedom of religion, freedom of association and so on – are deeply and rightly cherished. Being able to say what you think, worship according to your beliefs, meet with whomever you choose; these are central elements in living a happy, fulfilled and independent human life. No government can ever have the right to imprison or punish a person simply because of who they are, what they think or say, or the religion they practice. Civil liberties, and the protection of the individual from arbitrary and unwelcome interference, must therefore be a central part of what we understand by the value of liberty, and why we attach so much importance to it.

But the negative account of liberty – especially in the way that the advocates of the 'leave me alone' state on the Right understand it – is critically deficient, and in two respects. First and foremost, we must grasp that there is another vital element to liberty. Freedom does not consist *solely* in being left alone, free from interference. We must, if we are to be genuinely free, also have a more 'positive' type of freedom – the freedom to do the things we want to do, to achieve our potential, to be in charge of our own lives. I'll explain more fully what I take positive liberty to mean shortly; but before I do, it is important to see the second

deficiency of the right-wing conception of negative liberty. It is this particular understanding of freedom that has led the Right to see equality as incompatible with liberty; for if being free means not being interfered with, then any intervention to help secure greater equality must be seen as an infringement of liberty. But as the Oxford political philosopher G.A. Cohen has shown, this argument relies upon ignoring the '*unfreedoms*' of those who are, say, born into serious poverty. These people are *also* prevented from doing certain things by external constraints – in this case, ultimately by a legal system which prevents people from enjoying certain goods or services unless they have the personal wealth with which to buy them. We do not have to endorse Cohen's Marxist conclusions to realise that the claimed tension between liberty and greater equality is a tendentious one; the reality of the relationship depends very much on from whose perspective you're seeing it. For the majority of people, indeed, greater equality would almost certainly mean *more* individual liberty, not less.

An enabling state is absolutely vital in ensuring that people are given the tools they need to make the most of their lives.

A hypothetical example might make this clearer. Imagine two people who live in the same country. Each is subject to the same laws and the two are identical in every other respect, except that one is very wealthy and the other is very poor. Which of these people, according to negative liberty, is freer? The Right wants us to believe that they are equally free, since each is subjected to the same amount of interference from the state and other external bodies. This,

surely, is incorrect. Progressive thought, more convincingly, confirms that the wealthier person is freer. Why? Because if the poor person tries to do certain things that he or she cannot afford – buy a house, say, or eat in an expensive restaurant – then they are physically prevented from doing so by external forces. Of course, the people who prevent him or her from moving into the house or eating in the restaurant aren't doing anything *wrong*. But the point remains that poverty gravely restricts negative liberty. Thus, even on their own favoured territory, the Right cannot sustain the argument that equality is opposed to liberty.

As I mentioned above, though, I do not believe that the negative account of liberty is sufficient. So let me explain what I mean when I say that liberty must also have a 'positive' dimension to supplement the insights of the 'negative' view. This has long been a central part of progressive thinking about freedom; as early as 1881, T.H. Green argued that "When we speak of freedom as something to be so highly prized, we mean a positive power or capacity of doing or enjoying something worth doing or enjoying." The thinking behind this position is clear. If we see liberty as only absence of constraint, there is a danger that the freedoms we end up with are merely formal. We may be free in theory to do whatever we like, but if we do not in fact have the capacity to do these things, how can it be said that we are really free to do them? Without a notion of substantive and positive liberty, freedom is in danger of becoming a concept that is largely empty – a theoretical abstract, meaningless in the real world.

Several important implications follow from this realisation. First of all, it gives us another reason to reject the libertarian world-view of the Right. Its advocates often argue on the grounds of freedom, claiming that for a person to be

free they must be left alone, and that the best government is therefore the least government. As we have seen, it is simply not true to say that freedom, properly understood, consists solely in leaving people alone. An enabling state is absolutely vital in ensuring that people are given the tools they need to make the most of their lives. Education is one particularly crucial element in this project. The capacity to read and write, to be numerate, and to be able to process and analyse information – in other words, to be an *autonomous* person – is essential in modern life. The illiterate person is quite clearly less free than a well-educated fellow-citizen; being able to read obviously increases your options in life, the number of things that you are actually able to *do*. This is why no one seriously believes that compulsory education for children is an infringement of liberty, or that this education should not be funded from general taxation. In Rousseau's paradoxical phrase, children who are obliged to be educated are in fact being "forced to be free." Without this education, they are shorn of basic individual autonomy, and this means they cannot be fully in control of their own lives.

It follows that negative liberty cannot account for all that we mean when we talk and think about freedom. Freedom is not merely about the *absence* of constraints; it is also about the *presence* of various things, like basic personal autonomy and a degree of self-control. Think, to take another example, of a drug addict. When he buys his next hit, he is, on the negative account, free – nobody is stopping him from doing as he chooses. But is he *really* free? He may wish for all the world that he could break his addiction, but simply feel physically compelled to satisfy his craving. To my mind, this is not freedom. Freedom is about taking command of your own life, making your own goals, and setting about pursuing them. This is the kind of freedom that I want to

help enhance, and this is the freedom that an enabling state should be interested in maximising.

Both positive and negative liberty, then, are essential parts of what it is to be free, and we must protect and enhance both aspects of our freedom. Indeed, this is one of the primary tasks of government. But we should be clear on what a commitment to individual liberty means – and what it does not mean. Valuing individual liberty does *not* mean seeing people as 'islands', in John Donne's famous turn of phrase. Society is not comprised of atomised individuals, entire of themselves. Rather, it is comprised of citizens, each of whom has a sense of loyalty and of responsibility towards others. We British have always been a people who have regarded a strong civic society as fundamental to our sense of ourselves; we are a nation of voluntary associations and charities, churches and faith groups, sports clubs and municipal parks. The British notion of liberty is inextricably bound to this sense of civic identity. As Adam Smith wrote, "all for ourselves and nothing for other people," – the individualist maxim – "is a vile notion."

Smith was committed to freeing people from the shackles of obedience to kings and vested interests. But being free of these constraints is not the same thing as being free of civic bonds and civic duties. Freedom does not give men immunity from their responsibilities to society or to the pursuit of justice. The Chief Rabbi, Jonathan Sacks, has written of the inherent link between the ideal of liberty and the notion of social responsibility. Liberty entails, to a degree at least, engagement in the community, not shutting oneself off in a totally private sphere. George Bernard Shaw wrote, "Liberty means responsibility, which is why most men dread it." One of the great English liberals, John Stuart Mill, argued in his famous tract *On Liberty* that "there are many positive acts for the benefit of others that [people]

may rightfully be compelled to perform." And although this idea of liberty and community has always been strongest in Britain, it is not unique to Brits; President Franklin D. Roosevelt declared that any person "who seeks freedom from responsibility [to others] in the name of individual liberty is either fooling himself or trying to cheat his fellow man."

A sense of community and of social responsibility, then, is inextricably bound up with the British notion of personal liberty. But the issue of how the individual relates to the collective – one of the central problems of politics – has another implication for our thinking about liberty. The key question is one that Rousseau poses in *The Social Contract*. How, he asks, can we live under the law and yet at the same time remain free? The law, at various times, makes demands on all of us to do things that we might not otherwise choose to do – and if we refuse to comply, it physically forces us to do so (or punishes us for our refusal). This seems to be an infringement of our freedom. Rousseau's solution, though, is a convincing one – we are free, he argues, if we live under a law that we have given to ourselves. By being self-governed, a society lives under rules that it has itself freely chosen, and complying with these rules cannot therefore make us unfree.

Liberty simply cannot flourish in the darkness, so we need the daylight of public scrutiny.

This is, in other words, a *democratic* conception of liberty. We are only free if we are self-governed, and this means living in a society where the genuine will of the people – what Rousseau calls the 'General Will' – is embodied in the government. I will have more to say on the subject of

democracy, and how we can make our democratic system more representative and accountable, in a later chapter. For now, though, one point is especially important. Simply put, the maintenance of individual liberty requires a healthy and robust democracy, and this in turn entails active civic and democratic participation. Liberty is not passive; it does not involve merely restricting someone else's powers. Instead, it must be active, empowering people – as citizens – to participate.

This notion of liberty, I believe, has fallen out of public consciousness in recent times. But it is one that comes from a long tradition of thinking about freedom – from Machiavelli's *Discourses* in the Renaissance period to the present day. And it is an absolutely fundamental component of what it is to be free. It should force us never to take our democracy for granted, and to look constantly for ways to strengthen it. Perhaps most of all, though, it makes clear that we *all*, as democratic citizens, have a responsibility to preserve and increase the liberty that we enjoy as a society. This is one of the many responsibilities that cannot be left to politicians alone.

In today's world, the challenge we face of dealing with terrorism means that all of these issues are thrown into sharp relief. To disregard the claims of individual liberty when confronting the terrorist threat is to proceed down an authoritarian path – an option completely unacceptable to me, and completely unacceptable to the British people. But to claim that it must always and absolutely be the value that takes ultimate priority is both simplistic and irresponsible. We must be realistic. Not all good things are compatible all of the time. Precious as liberty is, it is not the only value we prize, and not the only priority for government. Sometimes there will unavoidably be trade-offs to be made, balances to be struck. The test for any government is how

it makes those hard choices, how it strikes the balance between the claims of liberty and those of security.

There can be no hard and fast rules that govern these decisions; they are, at the end of the day, judgement calls. But there are a number of guiding principles that we can employ to make sure that we get as close as possible to the right balance. First, government action that constrains individual liberty must never be *arbitrary*; it must always be designed to tackle a specific problem, and clear guidelines must be produced and followed concerning its employment. Second, security policies must always be *transparent*. There will, of course, always be information that is too sensitive to be made fully public. But the reasoning behind any measures taken must be fully explained, and open to public debate. Finally, those making these crucial decisions must always, ultimately, be *accountable* to Parliament and to the public. Liberty simply cannot flourish in the darkness, so we need the daylight of public scrutiny. As the US Supreme Court Justice Louis Brandeis observed, sunshine is the best disinfectant. This is why the Freedom of Information Act we introduced is so important. Freedom of Information can be inconvenient, frustrating and indeed sometimes embarrassing for governments. But it is the right course to follow – because government belongs to the people, not to the politicians. These principles are clearly not an exhaustive list. But they do provide some important guidance for those who have to make the incredibly difficult decisions about how to balance our desire for liberty and our need for security.

Liberty is the golden thread that runs through British history. Bolingbroke wrote in 1730 that "Britain hath been the temple, as it were, of liberty. Whilst her sacred fires have been extinguished in so many countries, here they have been religiously kept alive." Voltaire declared admiringly

that "the civil wars of Rome ended in slavery and those of the English in liberty." Surveys of public opinion consistently show that tolerance is one of the central features of what most people take it to mean to be British. This heritage is one that we should be proud of – and one that we must strive always to maintain. To do so will require making difficult choices – and liberty may sometimes, regrettably, have to give way to other values. But for us, as citizens and as a government, an appreciation of the importance of individual liberty – properly conceived, as containing both negative and positive elements – must always be uppermost in our thinking as we work through the challenges that lie ahead.

CHAPTER FIVE

The Post-Crisis Economy

What I have said up to now may seem somewhat abstract. Even once we have worked out what we mean by 'liberty', or what type of 'equality' we should work towards, it is not immediately obvious what implications this should have in the real world of policy-making. I believe that these fundamental ideals are vitally important; they provide the shape and direction of everything we do. John Maynard Keynes once noted that "the ideas of economists and political philosophers…are more powerful than is commonly understood. Indeed, the world is ruled by little else." But abstract ideas really make a difference in politics only when they inspire policies that change things in the real world. So in the remaining three chapters, I want to look at three areas that are central to our national life – our economy, our public services and our democracy – and sketch out some ideas about the way forward, and the principles that should guide us.

Let's start with the economy. We have just lived through what was, without doubt, the most severe global economic slump in generations. $25 trillion was wiped off global share prices; oil prices, having peaked at $150 a barrel, dropped by two-thirds. But much more important than these headline figures is the effect that these vast events have had on the lives of real people: millions around the

world have lost their jobs; and millions more have had to work for reduced pay. To prevent the banking system from collapse, and to mitigate the worst effects of the recession, governments here and abroad have been forced to leave behind the orthodoxies of the past. As Keynes – who had a way with words as well as with numbers – also said, in relation to the crisis of the 1930s, we can either fail conventionally or succeed unconventionally. Recognising the wisdom of this insight, and appreciating the vital importance of the financial sector to the economy as a whole, we set aside conventional thinking to invest directly but temporarily in the banking system.

Where Britain's Government led, others followed, and the Nobel Prize-winner Paul Krugman has written that the British response showed the rest of the world the way through the crisis. If we have learned anything in this tumultuous and unprecedented period, it is surely that now is not the time to remain prisoners of the old dogmas of the past. Rather, it is a time for creative, far-reaching solutions that apply our core progressive values to the challenges of the present.

The Right has proved utterly incapable of contributing to these solutions. They opposed the nationalisation of Northern Rock – necessary to protect savers' deposits and to prevent panic spreading through the system. They opposed the fiscal stimulus we introduced to save jobs and support the economy: a position shared by only one member of the G20 – Turkey. And they now propose early slashing of public spending that would put the recovery at risk. There is only one principle in evidence here – a dogmatic rejection of the role of the state, even to respond to a world-wide and near-catastrophic failure of the markets, the worst in the post-war era. The Right was wrong on the crisis, and now it is wrong on the recovery. It is not

simply free markets that they have supported, but *value-free* markets, too.

We too pursued policies reflecting our principles. But unlike the Right, our motivating concern has been fairness. It was the *fair* thing to do to ensure that people did not lose their savings as a result of the financial speculation of irresponsible bankers. It was the *fair* thing to do to help sound businesses get access to credit, and to support homeowners to stay in their homes. It was the *fair* thing to do to boost the real income of some 22 million people at a critical time through tax breaks and other measures. And it was the *fair* thing to do – and continues to be the right thing to do – to invest in and protect the frontline public services that are so essential to our country's future.

The Right was wrong on the crisis, and is now wrong on the recovery. It is not simply free markets they have supported, but value-free markets too.

For it is right that we maintain a long-term focus while dealing with the challenges of the present. Even despite the current global downturn, the world economy is set to double in size in the next twenty years. One billion skilled jobs will be created. The focus for forward-looking economic policy must therefore be on how we can position ourselves as a nation to take advantage of this, and secure as many of these jobs as we can.

This is the objective. Achieving it, of course, will involve the implementation of a number of diverse strategies. This is not the place to explain each of them in detail, but it is important, I believe, to highlight some of the guiding principles of future policy.

First, let me address the issue of the public debt. It is absolutely right that we should take this seriously – and

that is why we are committed to halving the deficit within four years. For alongside our core value of fairness is also the value of responsibility; we have a responsibility, as a generation, not to saddle our children with unnecessary debt. But let us also be clear – at the start of the downturn, Britain had the second lowest public debt of any G7 economy. And let us be clear too that cutting spending by too much, too soon, will imperil the recovery – as many respected international commentators and institutions have confirmed. The best antidote to debt is not austerity but *growth*. The vast majority of the increase in public borrowing has been the result of a lack of growth. The most important driver of deficit reduction over the years ahead, therefore, will be the rate of growth and the speed with which we can reduce unemployment.

And to those who question the morality of debt itself, who argue that it is unfair that tomorrow's generation must pay for the spending of today's, I turn the question back on them. If we cut too soon we risk less spending on education and training, less development of the skills needed to flourish in the economy of the future, a surge in youth unemployment – and indeed unemployability. We risk, in other words, a 'lost generation'. Will our children thank us for that? The answer, surely, is no. And so investing in our future, while at the same time cutting the deficit in a responsible and sustainable way, must be the way forward.

So what does this economy of the future consist of? In a world of finite natural resources, and with the reality of climate change setting in, the low-carbon economy is an essential component of the picture. By the middle of this century the worldwide low-carbon market will be worth $3 trillion a year and employ 25 million people – a staggering sum. That is why we have targeted one million British green economy jobs by 2030, why we are investing now in

renewable energy, carbon capture and storage technology, and nuclear power, and why we have launched a £1 billion green infrastructure fund to kick start investment in green transport and energy projects. A new, active industrial policy is essential to our economic future. But this does not mean a return to the 1970s approach of picking winners and losers. Rather, it entails a recognition that government can act as a launching pad for private enterprises, helping them to succeed, and that the state should work with key sectors of the private economy to help them to compete and prosper. The Right, by contrast – with its climate change denial and its unwillingness to use government to support crucial and burgeoning industries – is far less likely to give the low-carbon economy, and other emerging industries, the helping hand they need to flourish.

Driving the green economy, and many other industries of the future, will be science and technology. We have already made great progress in this area. A higher share of our growth is produced by science than in any other industrial nation, including America. We have one per cent of the world's population, but produce nine per cent of the world's scientific papers. Four of the world's top ten universities are in Britain. We have nearly doubled investment in science since 1997, and we will protect spending on science going forward.

Science is a British success story. But we cannot be complacent; other countries are straining to improve. China is growing fast from a low base. Japan has a target of spending one per cent of its GDP on science. President Obama is doubling science spending in the US.

This is why we cannot afford to let up in our efforts. From pharmaceuticals to low-carbon technology, engineering to the creative industries, our scientific know-how will be increasingly vital to the new economy. By 2017, projections

suggest that there will be three million science, maths and technology related jobs in Britain. But our aim is to go further. In the aftermath of the financial crisis, the time has come to refocus our intellectual resources to reflect better the goals of our society. There is a Chinese proverb that says that a crisis is an opportunity riding the dangerous wind. We must grasp this opportunity, then, to move away from an economy centred so heavily on financial services – and on finding ever more arcane ways to price complex derivatives – to one that is broader-based, with a new focus on science and innovation. The talent, the innovation and flair is there; but now we seek an economy that is more about robotics engineering than financial engineering; more about low carbon than high finance.

And while banking will rightly remain an important part of the British economy, we will ensure that it serves the public interest and that of the wider economy. So, for example, the Financial Services Authority will have powers to quash those contracts which incentivise the reckless risk taking that imperils the economy as a whole. Banks will be made to hold more capital, so that they – and not the public – are ready to bear a far higher proportion of the risks of failure in the future. And a newly-created Credit Adjudicator will have legal powers to enforce its judgements if it believes that credit has been wrongly denied to a small or medium-sized business. This vision – of finance as the servant of industry – is at the centre of what the economy of the future should look like – indeed, must look like.

Realising our vision of a broader-based economy will also require us to deliver substantial improvements in our national infrastructure. That is why we are working to speed up our planning process, streamlining it and allowing us to fast-track key national infrastructure decisions; and it is why we are investing £20 billion this year in trans-

port – more than double the level of 1997 – electrifying rail lines, repairing roads and bridges, and supporting high-speed rail services that will link London to the north of our country, and to Cologne and Amsterdam in Europe as well as Paris and Brussels.

But it is not just our physical infrastructure that is important; we must also create the world's best digital infrastructure. Through the Digital Economy Act and moves to stimulate private-sector investment, we aim to lead the world in fast broadband services by 2012. These are the kind of long-term decisions that we must make – and have been making – *now* in order to make sure we are well positioned to take advantage of the opportunities that the new economy will bring.

We seek an economy that is more about robotics engineering than financial engineering; more about low carbon than high finance.

All sides of the political spectrum would like to bring these jobs and this prosperity to Britain, but the market alone will not provide them. The jobs of the future – high-skilled, high valued-added, and globally competitive – have one thing in common. They will require higher levels of education and training than ever before. If we in Britain are to attract these jobs, our workforce simply must have these skills. This was the thinking behind our decision to extend compulsory education or training up to the age of 18; the workers of tomorrow will not be able to compete without it. It is why, too, we provided an additional 21,000 apprenticeships this year, and have guaranteed that an apprenticeship place will be available for every suitably-qualified young person by 2013. And it also explains our decision to provide free individual tuition

for those with learning needs – because every child is precious, and because we cannot afford as a nation to allow any young person's skills to remain undeveloped.

My father taught me the Parable of the Talents: that every person has a talent; that everyone should be given the chance to develop that talent; and everyone should be challenged to use their talents, and given the chance to bridge the gap between what they are and what they have it within themselves to become. This is not just a moral lesson – important though this is. It is increasingly an economic lesson too. We simply cannot afford not to maximise *all* the human capital that we possess as a nation. And only an enabling state, as I have argued in previous chapters, can ensure that this happens.

This, then, is our recipe for future prosperity: responsible reduction of the deficit while maintaining vital investment; a concerted effort to move to a low-carbon economy – not just because it is the right thing to do in relation to climate change, but because it will be the source of millions of future jobs; sustained investment in science and technology; the modernisation of our infrastructure – both physical and digital; and, underpinning all of this, investment in our people – our nation's most valuable resource – to make sure that every single one of our children is able to take the chances that the future will present.

This is how we will deliver growth – not a complete list, to be sure, but certainly a good start. We progressives, though, have always appreciated that there is more to life – more to the economy, indeed – than simply producing economic growth. Economic growth is not a good in and of itself. Of course, it may well be essential in allowing us to realise other social objectives. But it is not something that should be valued for its own sake. Studies consistently show, for example, that a healthy work-life balance is one

of the central drivers of the happiness and wellbeing of a society; a rich life includes more than just money. Recognising this, we have increased paid maternity leave from 18 weeks to 9 months since 1997 – and we aspire to increase it further. And we have introduced paternity leave for the first time ever, and will extend it from April 2011.

Growth must also be *sustainable*. If the growth of an economy comes only at the expense of vast environmental degradation, making the natural world a far less hospitable place to live for our children, we must surely ask ourselves whether we have got our priorities right, and whether that is a price worth paying. And we must ensure too that the way we achieve growth is allied to our other values. When I look at the state of our economy, I do not only want to know how fast it is growing, important though that will undoubtedly be. I also want to know how fair it is: how far all our people are able to develop their talents; how widely opportunity is spread; and how the benefits of growth are distributed across society as a whole. In short, the economy is not a value-free zone – not something that can be left entirely to the markets to run, as if there are no 'ends' being contested, only 'means'. Rather, we as a society must democratically decide the kind of economy we want to live in – and then pursue that goal with determination and verve.

It is said that those who build the present in the image of the past will miss out entirely on the challenges of the future. My vision for the future of the British economy is clear. We will continue to be a dynamic economy and an open and widely-trading nation. But to do so we must focus on the jobs of the future: encouraging green industries; supporting science and technology; building the infrastructure that we need to support a modern economy; and most important of all, investing in the skills and talents of all our people.

Roosevelt's New Deal ensured that America built roads and bridges to pave the way for the prosperity that lay ahead. Nearly eighty years on, and responding to another world economic crisis, we must in our times do what our future requires – with our programme of investment in the technological revolution, in the environmental revolution, and in the talent revolution – to ensure that prosperity again will follow. And, guided as ever by our values, we must do so in a way that guarantees that this prosperity flows to all.

CHAPTER SIX

Public Services in a Fair Society

Strong, effective public services are central to the progressive vision of a just, fair and prosperous society. I have already touched upon the role they play in establishing greater equality, securing 'real' freedom and preparing the country for the economy of the future. But I want to explain in this chapter and in a bit more detail, exactly *why* world-class public services are so vital to the core progressive value of fairness, and what the progressive plan for ensuring that these services *are* world-class looks like.

The Right has long sought to present the progressive project as the 'politics of envy'. As I hope the section on equality has made clear, this charge is completely unfounded. Progressives do not object to people getting on and doing well – that would be absurd. What we do believe, though, is that there are some things that money should not be able to buy – and, just as importantly, that there are also things that a lack of money should not stop you from having. Health care and education are two such fundamental rights – indeed, the two most important. Access to health care and education, progressives believe, are rights that should be available to all – not privileges to be enjoyed by a select few.

Once we embrace this position – that when your child needs the best possible education or a loved one needs the best possible cancer care, it shouldn't matter how much money you have – then you have no choice but to support the principle of public provision of health care and education. It is clear that the British people are fully committed to this ideal. After a leading Tory politician appeared on American television to launch a ferocious attack on the principle of the NHS, the British people responded in huge numbers with the 'We Love the NHS' Twitter campaign. This commitment to social solidarity represented, to my mind, everything that is best about Britain, and I was proud to support that campaign.

Those on the Right, though, can only ever have at most a lukewarm commitment to public services. The individualistic, free-market impulse that drives right-wing ideology opposes collective provision of these services, advocating instead that the state should withdraw, leaving it to individuals to provide for their own health care and children's education. This is all well and good for the fortunate few who can comfortably afford to do so – but, as the situation in the US that led to President Obama's health care reforms made clear, it can leave millions without adequate support. Such a position shows no compassion, and is anathema to my values – and to those of the British public.

But we do not have to rely only on values such as compassion to support the NHS. It is increasingly clear that, with an ageing population and the rising cost of new medical technologies, the National Health Service is good for the well-off just as it is for the poor. As the cost of ever more effective treatment rises, and there is little advance knowledge of upon whom these costs will fall, it is more important than ever to pool the risk and share the cost of the treatments fairly across the whole population. Charges

for treating illnesses such as cancer could impoverish individuals and families far up the income scale – not just those who are hard up. But it is about more than just the money saved – it is also about peace of mind. The NHS liberates us from the fear of unaffordable treatments and untreated illness. We do not have to worry about how much it will cost before we decide whether to go and see the doctor about a health problem that's concerning us. And when we leave hospital we are not followed out of the door by a huge bill or by complex negotiations with an insurance company.

The principle that care should be provided based on need, not on ability to pay, must and will remain at the heart of the NHS. But it is clear that the future presents new challenges for our health service – challenges which the NHS must adapt to meet. Rising public expectations, the emergence of new technologies, and the need for greater flexibility in provision – all these and more mean that the NHS must undergo a process of transformation. To help us navigate our way through these changes, I believe there are three guiding principles that should shape the direction of future reform of the NHS – and indeed of education too. These correspond to three core values that progressives embrace, and which are discussed in other chapters of this pamphlet. The first is fairness. The second is freedom. And the third is participation. Let me elaborate on each.

Just as we reject the free-market model of education, so too do we reject a top-down, state-led approach to reform.

As progressives, *fairness* is our first priority in every policy area, and public service reform is no different. In the NHS, as I have already made clear, this means that health

care will never be a privilege to be bought, but a moral right secured for all. This is a principle that I will defend until my dying day. In education, it means that we will reject the calls from the Right to introduce a free-market, voucher-style system. The market free-for-all in education fails because as some schools go under slowly as competitors overtake them, children in these weaker schools get left behind. Can we allow a whole generation to be failed in this way while we wait for the market to work? And the new schools that would spring up would not be targeted at the areas of greatest need, but rather would pick off the children with the most educated and aspirational parents from existing schools, at the expense of the majority of children who are left behind. So a voucher system would lead to power for a few parents, not for the many; opportunity for some children, not excellence for all. So I reject this approach, as anyone with a concern for fairness must.

But this is not the end of the story. Alongside a concern for fairness we must inject our second value – a passion for *freedom*. What does this mean for public services? There are, I believe, two main implications. The first is the importance of *choice* for patients and parents. Our freedom to make choices as consumers and in various other parts of our lives is rightly taken for granted. Choice should be embedded within public services, too, so that they meet people's needs and lifestyles. Schools and hospitals can no longer operate on a 'take it or leave it' model; public services must now be personal to people's ends and tailored to their needs. Giving patients and parents greater choice in services is a key element of this process. We have already made progress in injecting choice into our public services. Last year 83 per cent of parents got their first choice school, and almost 95 per cent got one of their first three choices. And we have started to introduce personal health budgets,

giving patients real spending power and thereby a genuine choice of services. We know we can and must go further, and we will. But our commitment to choice also means that certain options are *not* attractive. Just as we reject the free-market model of education, so too do we reject a top-down, state-led approach to reform. A one-size-fits-all model imposed from above would stifle innovation, deny teachers and school leaders the freedom they need to drive change, and prevent the diversity required to ensure that parents are given a genuine choice of schools.

So freedom of choice is one important part of the story when it comes to thinking about how to make public services reflect the key value of liberty. But this kind of freedom is not the only type that our health and education systems should embody. We must also consider how our public services can best promote positive freedom, of the kind I described in the earlier chapter on liberty. Positive freedom is about taking *real* control over our lives, making decisions that are well informed and which reflect our genuine desires. In health care, the implications of this are clear: we must be encouraged to take more control over our lifestyles and health care, be more focused on what we eat and whether we exercise, more conscious of our own choices and supported in making healthier ones. I will have more to say on this subject shortly. But before I do, it is important to notice too the critical role of *education* in securing positive liberty. If we are to be genuinely free, autonomous beings who can assert a reasonable degree of control over our own lives, a good education is absolutely essential. As I argued earlier, nobody can be truly free in any substantial sense if they are not literate, numerate and able to analyse basic information. This is one reason why creating world-class schools – for *all* our children – is so important.

So it is clear that fairness and freedom are right at the centre of the progressive vision of public services. The third value that these services must represent is *participation*. Progressives believe that *all* people should be encouraged to participate in and engage with the various parts of our society – whether in politics, in culture, or in this case public services. Too often in the past it has only been the most advantaged who have been able get involved in these areas – and it is no surprise that outcomes have tended to reflect this fact. So it is vital that reformed public services empower as many people as possible to participate in them.

What might this participation look like? In health, following our introduction of foundation hospitals there are now over 1.5 million foundation trust members – that's over 1.5 million staff, patients and local people playing a direct role in running their local NHS. And we aim to raise this figure to 3 million by 2012. We will ensure that *all* hospitals become foundation trusts, and will give them the freedom to expand their provision into primary and community care. Participation also means more management of long-term conditions from home. Increasingly, patients can do simple things like take their own blood pressure and weigh themselves at home, feeding the results to their doctor via the internet. Patients participating in their own care in this way benefits everyone – the patient enjoys greater freedom, while still having the security of knowing that their condition is being monitored, while the NHS benefits from the reduced time each patient spends in hospital, saving money. This kind of system should be extended wherever possible. We will also increase patient power, freedom and participation by giving any patient requiring elective care the right,

enshrined in law, to choose from *any* provider who meets NHS standards of quality at NHS costs.

And as our population ages, our core values of fairness, freedom and participation must be reflected in the kind of services we develop in response to changing care needs. We know that the need for care – both from the NHS and from social services – rises in later life, and that even older and frailer people want to remain at home as long as possible. A new National Care Service, working far more closely with the NHS and sharing its commitment to equity, quality and cost-effectiveness, has as its main commitment over the coming years the improvement of care for older people at home. By providing flexible, accessible, collaborative care it will enable many more to live longer at home with dignity and independence; and free them and their families from the fear of the unpredictable costs of care, there or in a care home. The new National Care service will be supported by a nationally agreed funding system comparable to that which freed people from the fear of catastrophic costs for health care in 1948.

We envisage a strategic role for government, standing back and allowing innovation and success, but intervening when there is failure.

In education, participation is arguably even more important. We know that parents are the greatest influence on children's lives and education – talking to them, reading with them, taking an interest in their progress. It is natural, therefore, that maximising parent power and improving services for parents that involve them in their child's education will be central to our approach to creating world-class schools. For parents to influence the education of their children they need detailed, easily accessible information on

their progress, behaviour and attendance. This should be a right for all parents. So from this year all secondary schools, and from 2012 all primary schools, will report online to parents. This way the mother worried about her son struggling with reading can find out more about how she can help, or the father who works long hours and can't make a parents' evening can keep in touch with his daughter's progress at whatever time of the day or night he is free. This kind of innovation – involving parents with their children's education as much as possible – is key to our vision of the future of education.

For while government will always guarantee minimum standards, change in education will primarily be parent-driven. Where parents are dissatisfied with the choice of local schools, for instance, this will trigger a response which could include the takeover of poor schools, the expansion of good ones, or in some cases new school provision altogether. Not just in schools but in hospitals and police authorities too, local individuals or groups will be able to trigger a change in management. This local participation will be democratic – unhappy parents will be able to force a ballot of *all* parents on whether to bring in an alternative, proven school provider. And it will mean that our education system will become an increasingly *personal* service, with personal guarantees of standards to parents who will have unprecedented control over the education of their children.

These values – fairness, freedom and participation – must be at the centre of any progressive reform of our key public services. They will leave these services far better placed to face the new challenges that they will face in the decades to come. Foremost amongst these for the NHS is the rise in 'lifestyle' diseases – smoking, drinking, but most of all obesity. On current trends, nearly 60 per cent of the population

will be obese by 2050. If we do not reverse this alarming rise, thousands will die as a result from cardiovascular disease, strokes and cancers. It is estimated that 42,000 lives could be lost each year because we do not eat enough fruit and vegetables, and 20,000 from eating too much salt. By the middle of the century direct health care costs of obesity will have risen seven-fold, with the wider costs to society and business reaching almost £50 billion a year.

To tackle this problem, and many others, it is clear that *preventative* care will become ever more important. The nature of NHS provision must and will change so that it is based not only on what the health service can do for you, but also on what you – empowered with advice, support and information – can do for yourself and your family. Our vision is one of the doctor not just physician but adviser; the nurse not just carer but trainer; patients more than just consumers – partners. And because preventative care is so important, we aim to give every person in England access to a preventative health check-up. We have already made the cervical cancer vaccine available, preventing over 1,000 cases of cervical cancer a year, and we will go further, offering new preventative vaccines currently being developed wherever they are needed. It is in the spirit of this new model of health care provision, with people taking extra responsibility for their own health – supported by government – that we have offered free swimming for under-16s and over-60s. And, as we look forward to London 2012, it lies behind our aspiration to have all children offered at least five hours of sport a week.

So preventative care will be placed front and centre of all future health provision. And if prevention is the main challenge in health, it is clear that the central objective for the education system is to equip our young people with the skills and knowledge they need to thrive in the economy of

the future. If Britain is second in education and skills we can never be first in business; and if we come second in business our young people will not have the opportunities and chances in life we wish for them. It used to be that developing a skill was something ambitious people did to get on; now, skills are essential for us all just to get by. I have already outlined in the chapter on the economy what education and training for these future jobs might look like, and there is no point repeating it here. I do want to point out, however, that we should not fall into the trap of believing that education is *solely* about preparation for the world of work. It is also about satisfying our natural human drive for knowledge, our innate curiosity, and for better understanding and appreciating the world around us. Too often, I fear, we lose sight of this deeper purpose, becoming understandably but overly preoccupied with the results of education that we can measure and quantify in material terms.

And in any case, just as important as giving our children the technical skills and knowledge they will need to flourish in the future, our education system must also build resilience, determination, grit – the ability to plan ahead, to work with others, to stay the course. These character traits apply whatever you do and increasingly determine how well you do in life, but they are underestimated at present. This is one reason why discipline in school matters so much. And let us be clear – a school with 'satisfactory' behaviour is just not good enough.

Not long ago, people questioned whether the NHS could survive. But thanks to the extraordinary work of doctors, nurses and NHS staff, backed up by the extra investment which has seen the health budget almost treble to £100 billion a year, the NHS is now more than ever part of the fabric of British national life. We have set minimum standards

– increasing access to key treatments, renewing decaying physical infrastructure, and establishing the shortest ever waiting times in NHS history. We have injected unprecedented choice into the system too, and will extend this wherever possible.

And just as previously there were doubts over the NHS, so now there is uncertainty over the future of education. Until the financial crisis people assumed that their children would have a better life than they did. The crisis has understandably shaken that assumption. Some in politics, especially on the Right, are so pessimistic about Britain's prospects that they talk about the next decade only in terms of the politics of austerity and defeatism. And if their message is one of cutting back on our investment in education – investment in the future – of course people will feel our prospects will be worse. But if we continue to invest in people, and further modernise education, the prospects for the next generation can be much better than for the last.

So in both education and health, the progressive approach is clear. We envisage a strategic role for government, standing back and allowing innovation and success, but intervening when there is failure and when minimum standards are not met. We will invest in top-quality professionals – because a service can only be as good as the people working in it. The success of the Teach First scheme means it is now one of the top recruiters of Oxbridge graduates, and high-flying, inspirational young people are now teaching in some of the most challenging classrooms in the country. And we seek services that are ever more accountable to its users, and responsive to their needs and wishes.

Our commitment to public services will never waver. Unlike the Right, that commitment is in our political DNA. It is why we are committed not just to good public services, but to the *best* – an end to underperforming schools and

hospitals, a transformation of the way health and education work in Britain. And as we move forward, constantly improving them until they are the best in the world, we do so armed with the principles I have outlined above. They will both embody and promote genuine freedom and choice. They will be participatory, giving all people a say in their running. And they will always be fair.

CHAPTER SEVEN

The Renewal of Trust through Constitutional Change

No political system is perfect. The evolution of Britain's democracy has taken centuries: a process of trial and error, of constant striving for something better, and often of disappointment. The system that has evolved is by no means flawless. But democracy has proven itself to be by far the best way human societies have come up with to select a government. Our task now is to make our political system live up to the best ideals of democracy.

What makes democracy so unrivalled as a system of government? To my mind, there are two reasons above all others. First, democracy has shown itself, quite simply, to produce the best results. Early sceptics, from ancient Athens onwards, have been proved wrong. They feared 'mob rule' by the 'unenlightened' masses; hence Plato's support in his Republic for rule by a 'philosopher-king'. But studies in our age show that citizens of democracies, compared to those under other systems of government, tend to lead better lives – as measured by their material prosperity, their health and life expectancy, and the levels of happiness and trust within the society.

But democracy's real value runs deeper than this. It is not just because democracies tend to produce better outcomes that we believe in them so passionately. It is also because they are inherently *fair*. In a world where there will always be disagreement about the right thing to do, the right path to follow, it is only fair

that each person who is subjected to a decision has an equal role in determining the outcome. Every person is of equal moral worth, and should therefore have an equal chance to determine political outcomes.

This combination – of good results and fairness – is an extraordinarily powerful one. It is why people have fought and died to achieve democracy and to defend it; and why we are so eternally grateful and humbled that they did. It is why we must strive constantly to strengthen and improve our democracy – so that it becomes ever fairer, and produces ever better results –and why we must never let complacency dull our appreciation of its merits.

The expenses scandal demonstrates the consequences of such complacency. Collectively, our elected officials – those at the very centre of our democratic life – took a system designed to support our democracy, and used it instead to support themselves. This said, though, I am convinced that the vast majority of MPs – of all parties – are in public life in order to serve the national interest: for what they can give, not for what they can get. So we must ensure that this is reflected in our expenses system. That is why we have moved Parliament from the old system of self-regulation to a new system of independent, statutory regulation; and set up a new Parliamentary Standards Authority with delegated power to regulate the system of allowances. And it is why I believe the British people should have the right in the future to recall MPs who break the rules that this new body establishes.

No more can Westminster operate in ways reminiscent of the last century or even the one before that, when its members made up the rules and went on to interpret them among themselves. I deeply regret how badly all parties got it wrong on expenses, and I believe we have got it right now. But renewing our democracy will require more than just repairing a flawed and failed system of expenses. We need to forge an entirely new

politics: making our government more transparent; the power of the state more dispersed; our electoral system fairer; and our legislature more democratic. Let me explain what I mean.

One of the clearest lessons of the expenses scandal is the need for greater transparency. Our democratic institutions should not be hidden from public view, because in a democracy the government is not a separate entity, existing independently of the people it governs. Rather, it is a *delegation* of the governed entrusted with the government of all, with the total accountability that implies. As a result, the public demands – perfectly legitimately – to know what its representatives are doing, what they are saying, with whom they are meeting, what they are paid, and what they are paid for. Opening up government – making as much information as possible available to the public – is an essential part of our democratic renewal. For without transparency there can be no trust; and without trust, our democracy is sullied and weakened.

Historically the executive in Britain has had too much power, and too little accountability to the House of Commons.

We have already made some progress in opening up government. Most obviously, the Freedom of Information Act has given journalists, academics, and ordinary members of the public unprecedented access to government documents and data. But this is not the only important measure we have introduced. We are reducing the time taken to release official documents. We have made the release of national statistics independent of government, so that we can be sure that the information we get on subjects important to our national life are accurate and unbiased. We have created data.gov.uk: an online resource which includes more than 2500 data sets, opened up to allow people to hold the Government to account and to make decisions about

local public services – from monitoring traffic accidents locally to seeing how nearby schools are performing. And we are publishing, for the first time, regular national security strategies for parliamentary debate and public scrutiny.

Measures like these are *necessary* if government is to be truly accountable to the people, and if those who govern are to regain the trust of the governed. But they are not *sufficient*. We must go further and deeper, and search relentlessly for ways in which we can make government more accessible and more transparent. And this is what we will do – emboldened by a deeply-held progressive belief that government belongs to the people.

But the system must not only be more transparent – it must itself be *better*. Historically, the executive in Britain has had too much power, and too little accountability to the House of Commons – that is to those elected by the people to represent their interests. We will extend parliamentary oversight over areas that are central to our national life; it is right that in these areas *all* of our elected representatives should have a say. That is why, for instance, we have announced that Parliament will have a vote on any decision to take the country to war – where previously this was a decision for the Prime Minister and government alone, acting on royal prerogative. The same is true for ratifying new international treaties, and we have also given the House of Commons a greater role in selecting key public officials. For centuries these and other powers have been exercised by the executive on behalf of the monarch, with no need to consult the people's elected representatives. In a twenty-first century democracy, this is simply no longer acceptable.

This, though, is not the only outmoded feature of our democratic system. The first–past-the-post electoral system too is far from satisfactory. I will continue to oppose proportional representation, which would destroy the vital link between Members of Parliament and their constituencies – a link that ensures politicians never lose their focus on the people of this country.

However, first–past-the-post sometimes allows MPs to win their seat in the Commons with far less than a majority of votes from their constituents, weakening their mandate. In many 'safe' seats, apathy is driven as people feel that there is no point voting for certain parties who have 'no chance' of winning. And in Parliament first–past-the-post can mean that the distribution of seats does not reflect the distribution of votes in the country as a whole. These are major impediments to rebuilding the trust and engagement that we need to strengthen our democracy.

This is why we have proposed the radical step of replacing first–past-the-post with the Alternative Vote system. The vital link between representative and constituency would remain, but the deficiencies of the current system that I have outlined above would be vastly reduced. If every voter put all the candidates in order on their ballot paper, each MP would have a majority of votes in their own constituency, and voters would be able to express preferences for as many parties as they choose, ensuring that no vote is 'wasted'. There is no doubt in my mind that this would constitute a significant improvement on the *status quo*. But it is absolutely right that, on an issue of such importance to our constitutional arrangements, the public should have the final say, in a referendum. This is why we will legislate for a referendum on this issue to be held early in the next parliament. And I will certainly be campaigning for a vote to reform the current system when the referendum takes place.

Replacing the first–past-the-post system, however, is not the only thing we can do to make our system more democratic. The animating principle of democracy is that those who are subject to the decisions of the Government should be entitled to have a say in the make-up of the Government. For years, there have been those who have advocated the lowering of the voting age to 16: sixteen and 17 year olds can pay tax and join the army; they are criminally responsible and can get married. Denying the vote to young adults not only drives political apathy, but

also violates the famous maxim of the American independence movement, that there should be no taxation without representation. What's more, it is absolutely right that the young people who are so crucial to our country's future should be placed directly on to politician's radars in this way, guaranteeing that their concerns are heard and that the issues that are important to them are addressed.

Lowering the voting age will extend democratic rights to those for whom they had previously been denied. But our country cannot consider itself fully democratic while it contains a body which can initiate, amend and block legislation and whose members are not elected. The centre of our plans for constitutional reform then is this: that we will introduce a fully elected House of Lords. Anything less is, quite simply, undemocratic. Eleven years ago we abolished the hereditary principle, removing the stranglehold that aristocratic privilege still held over this country. During the current session we have gone further, replacing existing hereditary peers with new elected members. And now we are committed in our manifesto to a fully-elected House of Lords. Any genuinely democratic legislature cannot have *any* unelected lawmakers. The British people deserve to have an accountable second chamber. Now is the time to finish the job.

The British people also have the right to know that the funding of our political parties – organisations which, like them or not, are essential to democracy – is clean, open, and free from vested interests. This means, I believe, a system of funding by the state, paid for by cuts in the current cost of Parliament. The public rightly expects that policy should not be unduly influenced by large donations to political parties – and this new system of funding will guarantee that this will never be the case.

Together these measures would contribute to the renewal of our politics and our democracy that we so clearly need in the aftermath of the expenses scandal – they would create a better

system, and a fairer system. But we can go further. It would be a radical step, but I believe there is a strong case for codifying the rights and responsibilities of each British citizen in a written constitution. This document would, for the first time, clearly set out the balance of power between government, Parliament, and the people. It would enshrine our values, the rights of every citizen, and the limitations of government power, but it would also make plain the responsibilities and duties that also come from membership of the British state. I am convinced that a written constitution would help regain public trust in our democracy. But I accept that it would represent a historic shift in our constitutional arrangements, and it is right that we should proceed carefully and consult widely. Our target, though, should be to have any constitution completed by 2015 – the 800th anniversary of the Magna Carta.

We have made great progress on our constitution since 1997. We have devolved power to Scotland, Wales and Northern Ireland, ended the hereditary principle in the Lords, introduced Freedom of Information and the Human Rights Act, given London its first elected mayor, and much more besides. But this is no time for complacency; the expenses scandal has made clear that the need for substantial further renewal of our politics is more urgent than ever. Democracy is not a 'binary' concept. Our progressive principles compel us to strive always for a system that is more democratic, more equal, and fairer. The question is not only whether we want democracy or not, but rather how *much* democracy we want. While our laws are still shaped by unelected members of the legislature, while young adults do not have the vote, while there are MPs who do not command majority support in their own constituency, we cannot say that we are living up to the best ideals of democracy. There may be some who want to stand up for hereditary peers, for an outdated first–past-the-post electoral system, or for denying the vote to sixteen year olds – but I am not one of them.

The reforms that I have described above, and those outlined in our manifesto, would represent a transformation of the way politics is conducted in this country; a radical new wave of constitutional change that makes politics and government far more open, far more accountable, and far more democratic than ever before. Any student of history knows that democratic rule is not inevitable. Indeed for most human societies, and over most of human history, democracy has not been the system of government. We are hugely fortunate to be living in this progressive, democratic age, but we should not take it for granted. We must do all we can to protect and strengthen it. For while faith in Parliament and political parties has been damaged, I refuse to accept that people have lost their appetite for politics itself, or their aspirations for the change it can bring. Politics is, in the end, about public service. That is why the reputation of politics is worth fighting for; why greater participation in politics is worth fighting for; and why building a renewed belief in our political system is worth fighting for.

Plato was wrong to disparage democracy. His student, Aristotle, was far more prescient when he observed that man is, by nature, a political animal. This insight is as true now as it was over two thousand years ago. Politics can sometimes be messy. It can sometimes seem little more than sport or spectacle. And at times, as with the expenses scandal, it can seem dishonourable. But at its best, politics brings people together, resolves conflict, establishes functional unity, and advances cohesion. Prosperity is spread, our children are educated, our sick and our elderly are cared for, and our common interests are addressed. And, as important as any of these, democracy means that we feel part of something bigger than ourselves. This is what is at stake. There is no more worthy struggle in politics than to strengthen our democracy. That is our mission – and it is the job of all of us to make it happen.

CONCLUSION

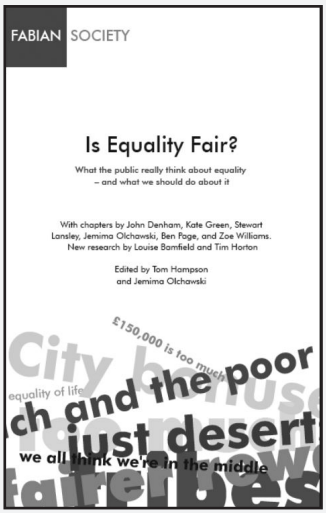
We have reached a decisive moment in British politics. The last couple of years have seen enormous upheaval in our economy, with the financial crisis and recession; and in our democracy, with the parliamentary expenses scandal. As we seek to put these setbacks behind us and build a better future, we have a clear choice about the way ahead.

We know the offer from the Right. As I have argued, their prescription is callous, negative, and not in tune with the values of the British people. This pamphlet explains why I believe that this a progressive moment in politics, and why the future we offer is one of hope and optimism, not defeatism.

We believe that the future *can* be better than the past. If we stay true to our values – equality, freedom, and fairness – and apply them creatively to the challenges of the future, there is no limit to what the British people can achieve. A prosperous economy – with high-skilled, well-paid jobs for the many, not just the few. A democracy of which we can be proud – one that truly represents the voice of the people and where government is transparent, accountable and responsive. World-class public services – where the size of your wallet will never determine the quality of health care or education that you will receive. And a commitment to international co-operation and multilateralism – with strong international institutions and a real dedication to global justice.

Today, as progressives, we should be more proud than ever of our beliefs, and more certain of our case than ever before.

But being right is not enough. For the stakes are higher in the coming election than they have been in any since 1945. So let us take our message to every corner of the country: for justice, for our future, and for the Britain that is to come – better, freer, and fairer.



Is Equality Fair?

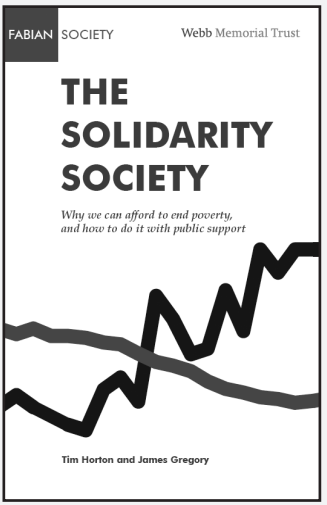
What the public really think about equality – and what we should do about it.

Edited by Tom Hampson and Jemima Olchawski

In this Fabian Special, John Denham, Kate Green, Stewart Lansley, Jemima Olchawski, Ben Page and Zoe Williams respond to new Fabian work on public attitudes to fairness.

The work, commissioned by the Joseph Rowntree Foundation, found that most people think that 'deserved' inequalities are fair, and attitudes towards those on low incomes were often more negative than attitudes towards the rich. However, we also found that people strongly support progressive tax and benefits.

"If we ever give up on fairness and equality the centre left will have lost all meaning. The Fabian research on voter attitudes doesn't tell us to give up; it just asks us to think about how we move forward." – John Denham MP



The Solidarity Society

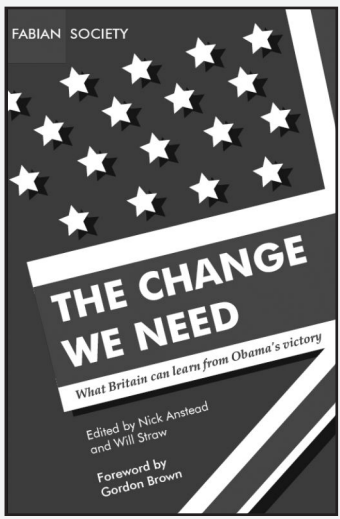
Why we can afford to end poverty, and how to do it with public support.

Tim Horton and James Gregory

This report sets out a strategy for how to reduce, eliminate and prevent poverty in Britain.

'The Solidarity Society' is the final report of a project to commemorate the centenary of Beatrice Webb's 1909 Minority Report of the Royal Commission on the Poor Law. It addresses how the values and insights of the Minority Report can animate and inspire a radical contemporary vision to fight and prevent poverty in modern Britain.

The report makes immediate proposals to help build momentum for deeper change. It also seeks to learn lessons from the successes and failures of post-war welfare history, as well as from international evidence on poverty prevention.



The Change We Need

What Britain can learn from Obama's victory

Edited by Nick Anstead and Will Straw, with a foreword by Gordon Brown

How can a party in office for more than a decade recapture its idealism? Can Labour hope to draw on the same popular enthusiasm that swept Barack Obama to victory?

In 'The Change We Need', staffers from the Obama campaign come together with senior British and American politicians, academics, thinkers and campaigners to draw forwardlooking and optimistic lessons for the British progressive left.

Together they show that the opportunity can only be seized if we fundamentally rethink the ways we do politics in Britain, by rejecting the command-and-control model of the New Labour era and energising grassroots supporters.

"Contained within these pages are the ideas of tomorrow – the new ways of working that will help Labour members do even more to change our world." – Gordon Brown