

Monday 22 November 2010 22.00 GMT

*Inequality becomes injustice when it is passed on, generation to generation  
For old-fashioned progressives, achieving income equality was the ultimate goal.  
For us, it is increasing social mobility*

By Nick Clegg

Is it possible to be progressive when the public coffers are empty? My answer is yes. Certainly the crisis in the public finances means making some sharp choices. But it also forces us to be clearer about what it really means to be progressive. With less money, we need more focus.

The need to make choices is revealing an important divide between old progressives, who emphasise the power and spending of the central state, and new progressives, who focus on the power and freedom of citizens. Labour risk being on the wrong side of this divide. They are becoming the conservatives of British politics, defending outdated approaches rather than looking forward to a new, progressive future.

Old progressives are straightforwardly in favour of more state spending and activity. On this analysis a state spending 50% of GDP is more progressive than one spending 40% — while a government spending 60% would be more progressive still. This is clearly nonsense. The question is not how much money the state is spending, it is how it spends it. The real progressive test for any state intervention is whether it liberates and empowers people.

I reject the idea that it is more progressive to pay off the deficit more slowly than to act decisively. Delay means higher interest rates on mortgages, more money going to bond markets to service the debt and a bigger burden for taxpayers, both now and in the future. Nor is there anything progressive about saddling the next generation with our debt. Progressive politics must also take into account fairness between as well as within generations.

Old and new progressives also take a different approach to tackling poverty and promoting fairness. Old progressives see a fair society as one in which households with incomes currently less than 60% of the median were to be, in Labour's telling verb, "lifted" out of poverty. The weakness of this approach is that significant resources end up being devoted to altering the financial position of these households by fairly small amounts — just enough, in many cases, to get them above the line. But poverty plus a pound does not represent fairness. It represents an approach to fairness dominated by the power of central state to shift money around, rather than to shift life chances.

The other weakness of this approach is that it pays insufficient attention to the non-financial dimensions of poverty. Of course it is better to have more money, even if only a little more. But poverty is also about the quality of the local school, access to good health services and the fear of crime. Tackling poverty is clearly about money, but it is also about ensuring access to the services that promote a better quality of life, and wider life chances.

As well as being too narrow, this approach is too static. Social mobility is what characterises a fair society, rather than a particular level of income equality. Inequalities become injustices when they are fixed; passed on, generation to generation. That's when societies become closed, stratified and divided. For old progressives, reducing snapshot income inequality is the ultimate goal. For new progressives, reducing the barriers to mobility is. This difference is at the heart of many of the arguments that have taken place about the fairness of the decisions taken in the spending review.

The highest profile studies of the impact of the spending review have used just one measure — income — at just one point in time. As such they provide valuable information. But they take no account of the value of public services. The government's £7bn investment in the early years, in a pupil premium, and in more help getting poorer students into higher education does not blip at all on the radar.

That is why the government's own analysis, which did include services, showed a different picture, one which showed the richest fifth losing the most from the spending review and the poorest fifth losing less. The government's decisions to protect NHS funding, increase schools funding and provide additional early-years provision all channel resources towards the poorest. It is not that the snapshot, income-based analyses are wrong. They simply provide only a partial analysis of a comprehensive spending review.

There are big differences on tax, too. Ed Miliband told the Guardian yesterday that the UK is a "fundamentally unequal society". I agree. He also says that "for some people the gap between the dreams that seem to be on offer and their ability to realise them is wider than it's ever been before".

Again, I agree. The UK is unequal in precisely the way he identifies — in terms of social mobility, life chances and opportunity to move ahead. As well as investment in policies that promote social mobility, this implies a radical

reform of the tax system. New progressives want to reshape the tax base fundamentally, towards greater taxation of unearned wealth and pollution, rather than of people. Within weeks of coming into power, the coalition government had increased the income tax threshold by £1,000 to £7,475 and raised capital gains tax, by 10 percentage points to 28

Rather than focusing on social mobility, Miliband grasps at the retention of the 50p top tax rate as his solution. I'm not sure that the members of his own front bench agree with him about this. It is a classic example of old progressive myopia, making a shibboleth of one aspect of the tax system rather than looking at it in the round. Britain's tax system needs real reform, not political posturing.

But perhaps the acid test for being progressive is political pluralism. New progressives are instinctively pluralist in their approach to politics. The triumph of one tribe over another is not the singular purpose of politics. Herbert Morrison famously said that socialism could be defined as "whatever the Labour party does". But progressive politics can never simply defined by what certain people or parties do — it is defined by the manner in which they do their politics. In particular, new progressive politics is defined by an openness to parties working together.

For the Liberal Democrats, this is the kind of politics we have been campaigning for for decades. The Conservatives, under David Cameron, have, to their credit, embraced two-party working with integrity. For obvious reasons I think Labour — and, dare I say it, the media — are still struggling to come to terms with it. Our political culture has become attached to binary "winner takes all" politics, with political argument seen as a zero-sum game, always with one winner and one loser.

Labour is in danger of being left behind, of becoming stuck in an anti-pluralist rut. When we practice plural, coalition politics, they cry foul. If you see every compromise as a betrayal, you will never understand plural politics and will certainly never be able to engage in it. But I am convinced that even in these difficult times, the prospects for a plural, new progressive politics are bright.

---

## Notes

<sup>1</sup><http://www.guardian.co.uk/commentisfree/2010/nov/22/inequality-injustice-nick-clegg>