

## The Courageous State: a new review

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This is a new review of my book, [The Courageous State](#) from [counterfire.org](#). I hope they'll forgive me reproducing it:

"The banking crisis of 2008 should have shaken the world of neoliberal economics to its core, but as some have observed, mainstream economics has largely continued unrepentant and unscathed. All challenges to this neoliberal consensus are therefore useful and welcome, and Richard Murphy's is an addition to a small but growing literature in this vein. Murphy sets his ambitions high in this respect: 'A new way of economic thinking' is what he aims to present on 300-odd pages. Although the book was written in a hurry, as the author concedes, he largely succeeds.

The first part of Murphy's book does not offer anything radically new, but he delivers a concise summary of the ideology, shared by all three main parties in Britain, that has led to a steady retreat of the state from managing the economy and society. Politicians have based policies on the belief that 'government is inept, the market works, and that anything and everything that can be done to deliver the services of the state through the mechanisms of the market is of benefit' (p.29). This belief results in what Murphy calls the cowardly state: 'a state that sees responsibility and runs away from it' (p.5), as evidenced, for instance, in the drive to dismantle the NHS and to privatise education through free schools.

While many of us 'intuitively' know that the opposite is true, argues Murphy, namely that government is fundamental to our economic well-being, the reason why neoliberal thinking can prevail is that we lack a basic logical explanation of the role of the state, a 'theory of the Courageous State', (p. 107), in Murphy's words. Some of us might object here that socialists and Marxists have long provided quite a lot of theory about the role of the state in sustaining and reproducing capitalism, on the one hand, and about the potential of the state to provide for the collective needs of society, that capitalism and the market singularly fails to do, on the other. Nonetheless, Murphy's arguments here are interesting and useful challenges to make now that neoliberal ideas seem like common sense to many.

Murphy begins his theory of the state by identifying the root problems that mainstream economics is suffering from, beginning with graphs. The basic 'economic graph' is a line that goes from the bottom to the right in a north-eastward direction. 'The economist's simple and entirely false assumption implicit in this simple arrow is that more always equates to better, and that furthermore, there is nothing to which this belief cannot relate' (p.111). This conveys the idea that our goal as human beings is to increase our consumption and that nothing else matters. The economic model that he counterpoises to this starts with the assumption that we are not only economic beings, but whole human beings. Every human being has their own potential, and the goal of economic entities is the achievement of this potential. This is the one characteristic, according to Murphy, that all human beings have in common: distinct and unique as they may be, everybody has the capacity to achieve that of which we are capable. The goal of the 'Courageous State' is to run its economy in accordance with its democratic mandate, so that as many of its population can achieve as much of their potential as possible.

He divides our potential into four different categories, material, emotional, intellectual, and purpose, and sketches various ways in which these might be out of balance. Somebody might, for example, exceed his potential for material well-being, but underachieve in the emotional sphere. Clearly the neoliberal model of economics allows no means for most human beings within it to achieve anything like a balance between these categories. A reservation here is that de-historicised economic models of this kind lack a key component, namely that of class. This is exactly what most mainstream economists avoid talking about: the centrality of class to economy and society.

Given that developing a whole new way of economic thinking is a rather large undertaking, Murphy has to cover quite a lot of ground, and to the average reader the various diagrams with which he underpins his explanations might seem more confusing than illuminating. However, the basic point he makes is clear: in order for us to be able to achieve our potential, the state needs to take up responsibility and ensure that no person is negatively influenced by others in achieving their potential.

In an interesting section he discusses the role of advertising and over-consumption. Advertising and its related activities of marketing and market research 'create the opportunity to sell those things for which need (let alone desire) does not exist. As such, advertising is not a response to the market; advertising is instead the force that creates markets' (p.172). Its whole purpose is not to inform, but to spread dissatisfaction. This pressure to consume leads to an increase in borrowing, since the income of most people has for years been growing at a lower rate than that of the economy as a whole (p.179). This money has then to be repaid with interest, which, in effect, amounts to a 'transfer of the income of those who do not have wealth to those who are already wealthy' (p.187). This process is not accidental but happens by design: the companies that advertise 'also ensure that the capacity to repay the lending that their activity encourages is reduced by lobbying through their trade organisations and directly for policies of *lower* inflation, effective wage control [...] and reduced union

rights' (p.179). Whatever neoliberal economists might say, profit maximisation increases the well-being of the tiny minority at the expense of the rest of society.

The most important section of the book are Murphy's proposed solutions, many of which are very concrete and innovative (ban advertising for children, promote repair and recycling, for example) and go beyond mere slogans for more fairness. Although many of his keywords, Tobin tax, more rigorous regulation of banks, abolishing tax havens, have been heard frequently in the months of 'Occupy!', he gives these slogans substance and fleshes out what exactly they entail. The section on how to constrain the world of finance is particularly detailed and readable, thanks to Murphy's extensive knowledge of the workings of finance (Murphy writes the excellent [Tax Research UK blog](#)). *Crucially, Murphy stresses that all this cannot be achieved by individual countries in isolation; the 'courageous state' must act in cooperation with other nations. At the moment, the international financial economy acts against the interests of any state, and its most important means of doing so is through tax havens: 'tax havens can be used to challenge any nation state that might seek to constrain the financial sector's supposed right to claim resources for itself' (p.309).*

*The question, of course, is: how can all of this be achieved? How can the state in its current form be encouraged to dump its market-based ideology and embrace an economic system that is equitable and sustainable? As regards the tax system, international campaigns and pressure groups (like the Tax Justice Network) are one way of promoting fairer taxes and wealth distribution. Yet, the wholesale re-structuring of the economy demands that the elite's neoliberal consensus is broken. The most damaging form that consensus takes at the moment are the austerity programmes that the elites are imposing on ordinary people across Europe, which entail cutting public spending, cutting welfare programmes, and cutting benefits. All this can only be defeated by a mass movement.*

*This cowardly state, as Murphy calls it, the state that withdraws from its responsibilities, is pursued on an international level. In order for this economic nonsense to stop, alternatives need to become the mainstream. Murphy's book effectively debunks neoliberal myths, and could be a useful tool for the movement against austerity. Although the arguments seem a bit rushed in places, *The Courageous State* is packed full of detail and innovative economic thinking, and it is recommended to anybody with an interest in how re-build the economy in a sustainable way.*