

## Osborne: a cowardly politician seeking to build the Cow...

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As the [FT reports this morning](#):

*The International Monetary Fund has moved a step closer to withdrawing its support for the UK's economic strategy, advising the government to redraw its fiscal tightening plan if growth disappoints in the coming quarters.*

It notes:

*The IMF said in its Fiscal Monitor report, published on Tuesday, that Britain should relax its fiscal consolidation strategy, aimed at cancelling the UK's structural deficit by 2017, if the economy remained weak.*

*The remarks will pile pressure on George Osborne, chancellor of the exchequer, to switch to a "plan B" to boost the UK's ailing economy, which has contracted over each of the past three quarters.*

Was there a hint of this in [yesterday's speech](#)? Not a hint of it. In that speech he made not a single mention of growth. Instead the focus remained all on the government spending too much: he wants to cut demand. Most of all he wants to cut benefits for those most vulnerable in society. And on tax his message was he will not ask the rich - who are getting richer - and large companies who are sitting on record piles of cash - to pay a penny more. As for this reforms - they are all on the supply side. He still believes that somehow if only it were easier to sack people then more people would be hired. The logic of that in the face of current crisis is baffling unless it is not logic at all, but dogma. And we got the clearest hint that it was. [He said](#): *We knew two years ago that the task we were taking on was a great one.*

*It isn't too much to say ...*

*... that the future prosperity of our country...*

*... the future of a free enterprise system under law ...*

*... even the stability of Europe ...*

*... is in question, in a way it has not been in my lifetime.*

These things are true. But he conflates free enterprise with the right of the banks to abuse that had to be broken, but which he won't do. And it is true the prosperity and stability of Europe is under threat, from its bankers, for which reason the state had to intervene, which he won't do. And it's true neoliberalism had failed. But George wants to give us more of the same in pursuit of his one goal, the destruction of government itself. As I argued in [The Courageous State](#): *Across Europe governments have abandoned intervention in the economy. David Cameron and George Osborne led the way in the UK when, without an electoral mandate, they secured power and declared to the surprise of the followers of their coalition partners that the only way to deal with the economic crisis was for government to walk away from the problem.*

*That is precisely what Cameron and Osborne, with their allies Nick Clegg and Danny Alexander, have done since then. These two have become the apotheosis of something that has been thirty years in the making: they are the personification of what I call the cowardly state. The cowardly state in the UK is the creation of Margaret Thatcher, although its US version is of course the creation of Ronald Reagan. It was these two politicians who swept neoliberalism into the political arena in 1979 and 1980 respectively following the first neoliberal revolution in Chile in 1973 that saw the overthrow of the democratically elected Allende government by General Pinochet. Since then its progress has been continual: now it forms the consensus of thinking across the political divide within the UK, Europe and the US.*

*The economic crisis we are now facing is the legacy of Thatcher and Reagan because they introduced into government the neoliberal idea that whatever a politician does, however well-intentioned that action might be, they will always make matters worse in the economy. This is because government is never able, according to neoliberal thinking, to outperform the market, which will always, it says, allocate resources better and so increase human well-being more than government can.*

*That thinking is the reason why we have ended up with cowardly government. That is why in August 2011, when we had riots on streets of London we also had Conservative politicians on holiday, reluctant to return because they were quite sure that nothing they could do and no action they could take would make any difference to the outcome of the situation. What began as an economic idea has now swept across government as a whole: we have got a class of politicians who think that the only useful function for the power that they hold is to dismantle the state they have been elected to govern while transferring as many of its functions as possible to unelected businesses that have bankrolled their path to power.*

This is what George is delivering: a cowardly state. His personal plan is, I am sure, to be

a net recipient of that cowardice. You can bet he'll want more than £50,000 of shares from whoever his next employer is. His hope is that by then the state will be in retreat. But he's wrong. The IMF have realised he's wrong. Maybe the time for the Courageous State is coming.