

Government works. It's time the right realised

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The real Republican agenda in the US is becoming increasingly apparent. [The FT reports this morning that](#):

A day of cautious optimism that lifted hopes Congress might remove the threat of default from the US economy began on a bleak, rainy morning on Capitol Hill with Treasury secretary Jack Lew delivering a blunt warning.

Speaking before Republicans offered a six week extension to the debt limit, Mr Lew attacked [Republican claims](#) the administration could simply prioritise debt payments over other obligations to avoid default.

“The United States should not be put in a position of making such [perilous choices for our economy](#) and our citizens. There is no way of knowing the irrevocable damage such an approach would have on our economy and financial markets,” Mr Lew said before the Senate finance committee.

I think Mr Lew was much too subtle. What they're saying is the government should prioritise the private property right attaching to the debt over its obligations to provide a service to its citizens.

That is, of course, neoliberalism at its core. As I said during my [Ebor lecture earlier this week](#):

The belief, held in common in the USA and UK, and which has spread far and wide from there, is that all market activity of all sorts creates a surplus for society whatever the market activity does. You can, if you wish, call this a salvation belief: it is a belief that markets will save us from all perils.

And as is common with such beliefs there has, of course, to be an opposing belief; that is a belief that damnation is possible if the route to salvation is not followed. In this case that opposing belief is the widely propagated view that any form of regulation by government, and anything other than that minimal taxation required to enforce the laws of private property will so impede the markets that the salvation they might offer

can not be delivered here on earth.

That belief is wrong. There is no evidence to support it. In particular, the idea that if government retreats then the private sector rushes in to fill the void has been resoundingly debunked. Osborne tried that. He called it expansionary fiscal contraction. And we just got recession and stagnation.

Government works. Not for everything, of course. But for some things, indeed many things, it is the best mechanism for delivering services people need and want.

And to try to prevent that efficiency and to deny those services is to deliberately harm well-being. And that's what the Republicans are doing.

And it is what the Tory right want here too.

Worry.