

We need a courageous state

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I posted this thread on the courageous state on Twitter this morning:

I have done a lot of Twitter threads of late on how worrying almost everything about the UK economy is, and for good reason. But I think it's only fair to do one that says it really need not be like this. Read on....

Unless someone has seriously misinterpreted what I have been saying, you'll have got the message that I think the Tories have been dangerously misguided on policy since 2010, and still are now.

I would also hope you've got the feeling that I think the Tories are now utterly incompetent managers. May, Johnson and now Truss have not only pursued a hopeless strategy, based around Brexit, but they haven't had a clue how to actually deliver it.

Why is this? Essentially because they, along with Cameron and Osborne who went before them, are all what I have described as cowardly politicians. I have good reason for doing so.

Cowardly politicians share a conviction. This is that markets know how to deliver the answers people want, and governments do not. This is based on their belief that people always want choice, and good choices are based on a market price.

This is a belief based on the political philosophy of neoliberalism, in turn based on what might be called hardcore market economics. In that philosophy only the individual matters. Markets best allocate resources. And those with the most cash must be the winners in life.

The philosophy is fundamentally flawed. Only narcissists, sociopaths and worse, think only individuals matter in life. The majority of us disagree because we know we live in society, and that our communities, from our families upwards, are the biggest

determinants of our well-being.

What that means is that the market does not meet all our needs, because as someone once said, money can't buy us love. For that reason we know price is not the basis on which we choose most things that are really important in life.

We also realise that sometimes we just don't have a choice. There are some things we just must do. They are usually done out of a sense of duty. And, again, they're frequently what matters most in life.

For precisely that reason real people don't think the winners in life are necessarily the people with the greatest wealth. That's not just because markets don't give good indication of value. They also ignore luck, like being born rich.

So this philosophy on which the Tories base their thinking is, to coin a phrase, total crap. It just doesn't reflect the reality of the lives we live, and most of us, if we met someone who lived life like this would think them total idiots (or something more graphic).

The only defence the Tories might have for adopting this philosophy is that the very same neoliberal thinking underpinned New Labour (and I rather suspect most of Labour's current Shadow Cabinet's thinking, although they try to hide opinions from view).

It was also LibDem thinking, as their coalition years showed, and there is not too much evidence of change.

And, just to complete the set, the SNP's economic thinking, as indicated by its Growth Commission, is neoliberal too.

The only difference between the Tories and the rest is that other political parties think they are neoliberal because they believe that appeases markets and big business but have the sense to compromise on its delivery. The Tories have now abandoned any sense of that compromise.

To be fair, they were getting to this before Truss. Osborne's austerity, bedroom tax and other attacks on society were all neoliberal in motivation, but he was only ever willing to expose the most vulnerable to his true belief in the state walking away from its responsibilities.

The lies, deceit and corruption that characterised the Brexit debate persuaded the Tories they could go further. The motivation for Brexit (racism apart) was to free business from regulation. The rule book was to be ripped up. It was pure neoliberalism.

As is always the case with neoliberalism the object was for the state to walk away and leave society to pick up the mess. That mess has resulted. Covid disguised its

emergence. Now it is apparent. And the new argument to explain this is that the state has not walked away enough.

Enter Truss with her plans to trash every EU derived law and deliver 'supply side reform', for which read 'the very worst in business can lower standards to whatever level they can get away with whilst fleecing maximum cash from people'.

It's fair to say that so far it's not this that has ruined Truss. Her total managerial incompetence has done that. But the two are related. A politician who seeks office to trash government is not going to perfect the art of governing. She clearly has not.

The Tory failure is by design in that case. It is not by chance. Truss really believes people want the state to be destroyed because they want to be free of it. It would seem that everyone, from the City of London onwards, has had to tell her this really is not the case.

The Tory attempt to wreck the state has been done as a matter of policy. Whether they will even survive trying that policy is hard to tell.

The problem for us is that all our other politicians believe in much the same stuff as the Tories. Even under Corbyn Labour rattled out the 'maxed out credit card' line to claim there were limits on the size of the state imposed by its ability to tax markets.

Implicit in that was a profoundly neoliberal belief that everything of value is created in the private sector and the state just uses that value. Even Corbyn and McDonnell could not free themselves from this. And that belief is nonsense.

Education, health care, social care, a strong welfare state, functioning legal systems, enforced regulation and even a fair tax system all create value. They are the underpinnings of a confident country where people can afford to take risk, including in setting up businesses.

The logic of neoliberalism is wrong then. Those who promote it think government is a luxury a strong private sector lets us enjoy. The reality is the opposite. A strong state sector is the bedrock on which risk-taking in a fair, open and truly competitive market can occur.

That is a market where business can compete on the basis of the quality of their products, service and innovation, as well as the strengths of their employees, because those who want to compete by tax cheating and abusing regulation are eliminated by enforced regulation.

We'd have markets based on innovation, quality, and service in such a situation, where fair rewards might also be paid.

We're a long way from that right now, just as we are a long way from having almost any

politicians who show the slightest belief in the enormous value public sector employees create. That's because most of our politicians really do not believe the state adds value.

The cowardly politician, who thinks deep down that markets can do better than them - which is why the cult of the political visit in the hi-viz jacket has become so pervasive - is embedded in almost all our politics.

We need a new breed of politicians. I'll call them courageous politicians who believe in a courageous state where the object of government is to ensure that the needs of all in society are met before anything else can happen.

In this society the need to provide healthcare is more important than the bankers' desire for a super car. And the protection of the vulnerable is a price worth paying, even if that means higher overall rates of tax as a consequence.

And it is a society where everyone, and not just the wealthy, can partake in society and its markets, meaning those markets will be stronger as a result.

It is a society where, most likely, we will pay more tax. But it is also a society where there will be a functioning state, NHS, welfare system, social care, and there will be law and order.

There will also be a plan to be sustainable, and a willingness to invest in it.

Markets will be encouraged to thrive - so long as rules are complied with.

At the same time the artificial markets that the Tories set up in education and healthcare, in particular, will be swept away. They have failed, dismally. Instead the aim will be high quality service for everyone, without anyone extracting unnecessary profit.

For exactly the same reason, the natural monopolies, such as energy supply, train services, water and maybe core internet infrastructure will all need to be nationalised. There is no room for failure here.

And I would suggest that the state should run a bank that meets the needs of 95% of all bank customers, including for mortgages, and leave the banking system to get on with its investment gaming, if it so wishes, from which it takes so much pleasure.

No longer should depositors' money be used to support market shenanigans, leaving all of us exposed to risk. That's for private capital to do.

Meanwhile the savings of ordinary people, whether in cash or pensions, would be directed to socially useful purposes. Our private wealth should be used for communal gains, not to support the profit of City institutions.

What else would courageous politicians do? They'd empower people to seek fair pay,

because why would you be opposed to it? They'd also encourage life long learning.

And this would be supported by a policy of affordable housing, which is the foundation for personal security for many. Implicit in this policy will be a policy to tackle poverty, which denies many that security, and the provision of social care for the elderly, especially.

And most of all, they'd do something that no market can value. They'd set out to provide freedom from fear. Nothing is more important than that.

Neoliberalism is based on fear. It promotes the idea of failure, because that is implicit in its logic of the market. In fact, it relies on the idea of very obvious failure as the rod it uses to impose a wholly inappropriate work ethic on those it enslaves in meaningless work.

Value at work has to, instead, become the benchmark of the courageous politician, because value at work translates into value for society, and we are a very long way from that right now.

I happen to believe all this is possible. But only if we ditch the ideas in neoliberalism, and the idea that the state cannot create value by itself on behalf of others without any involvement of the market.

We did have politicians of this sort at one time. We could have these courageous politicians again. And with the understanding we now have of money and markets and how they integrate that is possible.

Is that too much to ask? I think not. Believing that is what gives me hope. I look forward to living in a courageous state.