

## The Courageous State

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*In 2011, I finally did something that I had been planning to do for many years: I wrote a book on economics that brought together much of my thinking at that time. It was called [The Courageous State](#).*

*I suspect few readers here now know of the book, but it is still available on [Amazon](#) and some second-hand and specialist book sellers, via [AbeBooks](#), for example, although rather bizarrely it appears to be more expensive there.*

*The book should have been better edited. It piled too many ideas - especially in the section on theory, which I still like, but I don't think anyone else understood, although it pre-dated Doughnut Economics in many ways - into one book, but I am not apologising for that. Instead, I would suggest that these ideas remain as relevant now as they were then. This post is a summary of what I had to say.*

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## **The Courageous State**

*When I wrote *The Courageous State* in 2011, the context was stark. The global financial crisis had exposed the fragility of neoliberal economics. Governments had bailed out banks, but they were unwilling to confront the underlying failures of markets or the ideology that had left society exposed to such a calamity. Instead, they turned to austerity — cutting public spending, dismantling services, and pushing the costs of crisis onto the very people least responsible for it.*

*Against that background, I asked a simple but urgent question: what would it mean for the state to act with courage rather than cowardice?*

### ***The cowardly state***

*First, we need to understand the problem. For decades, neoliberal thought has promoted the idea that governments should be small, markets should rule, and*

individuals should be left to fend for themselves. This ideology was embraced by Thatcher and Reagan in the 1980s, reinforced by Blair, Clinton, and others in the 1990s, and became the unspoken consensus of mainstream politics.

What resulted was a cowardly state:

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A state that outsourced decision-making to markets, claiming they were more efficient and more legitimate than democracy.

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A state that deferred to corporate interests and the financial sector, insisting that what was good for big business must be good for society.

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A state that reduced itself to the role of accountant, obsessed with balancing budgets and cutting deficits, rather than serving people.

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A state that claimed there was “no alternative” whenever people demanded change.

Cowardice, in this sense, was not about individual politicians lacking backbone. It was systemic. It was the deliberate refusal of governments to use the powers they undeniably possess to direct economic life towards the common good.

### ***The courageous alternative***

Against this, I argued for the courageous state. A courageous state is one that recognises its authority, accepts its responsibilities, and dares to act in the interests of the majority rather than the wealthy few.

The foundations of a courageous state are simple:

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It knows its purpose. Government is not there to shrink itself out of existence but to build a society where all can flourish. That requires security, fairness, opportunity, and sustainability.

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It understands money. Far from being dependent on taxes or borrowing before it can spend, a sovereign government that issues its own currency has the power to create money. Its real constraints are not financial but physical and ecological. The

courageous state rejects the household analogy and recognises its monetary sovereignty.

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It values taxation. Taxes are not about “funding” spending. They give value to money, shape behaviour, tackle inequality, and manage inflation. The courageous state uses taxation to redistribute resources, restrain harmful activity, and underpin democracy.

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It provides essential services. Health, education, social care, housing, and security are not commodities to be bought and sold. They are rights, and the state must guarantee them. Outsourcing these responsibilities to markets is an abdication of duty.

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It regulates capital. Left to itself, capital accumulates in the hands of the few, creating instability and inequality. A courageous state uses regulation, tax, and democratic institutions to bring markets under control.

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It plans for the future. Markets are short-termist. They discount the interests of future generations. The courageous state must invest in infrastructure, green transition, and social resilience.

### ***Courage and democracy***

One of the most important arguments in ***The Courageous State*** is that democracy itself is at stake. If governments pretend they are powerless — if they always defer to markets, corporations, or fiscal “rules” — then citizens rightly begin to ask what democracy is for.

That loss of faith is dangerous. It creates the conditions for authoritarianism and populism, as we have seen in the years since the book was published. The courageous state, by contrast, restores the meaning of democracy. It shows that collective action through government can change lives, protect communities, and make the future better.

### ***The false idol of austerity***

In 2011, austerity was the political orthodoxy in the UK. I argued then, and maintain now, that austerity is both economically destructive and morally indefensible.

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Economically, cutting public spending during a downturn deepens recession, destroys

jobs, and shrinks the tax base. It is the equivalent of bleeding a patient who is already weakened.

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Morally, austerity punishes the vulnerable, widens inequality, and abandons the state's duty of care.

The courageous alternative is investment: using the state's capacity to create money to put people to work, to build infrastructure, to strengthen services, and to foster confidence. Spending creates income. Investment creates prosperity. This is the multiplier effect that cowardly states deny.

### ***Courage and taxation***

In ***The Courageous State*** I also developed arguments that continue to underpin my work on tax justice. Tax is not about balancing the books of the government. It is about shaping society.

The courageous state:

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Taxes wealth to prevent dangerous concentrations of power.

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Taxes harmful activities — from pollution to financial speculation — to align private incentives with social goals.

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Ensures corporations pay their fair share by closing loopholes and ending the game of tax havens and secrecy jurisdictions.

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Uses progressive taxation to reduce inequality and strengthen the social contract.

### ***Courage in economics***

Behind the argument for a courageous state lies a deeper critique of economics itself. The neoliberal model reduces human beings to “rational actors” in efficient markets. It treats society as a by-product of individual choices. It ignores care, community, ecology, and interdependence.

A courageous state does not accept that reductionism. It insists that economics is a social science, that markets are embedded in society, and that government must play a guiding role.

### ***Courage and sustainability***

Even in 2011, the climate crisis was already urgent. Today, it is existential. The cowardly state defers action, makes token commitments, or leaves everything to “green markets.”

The courageous state acts. It invests in renewable energy, public transport, insulation, and re-engineering the economy for sustainability. It recognises that the costs of transition are real but manageable — and that the costs of inaction are catastrophic.

### ***What courage requires***

So what does courage look like in practice? In the book, I suggested several tests:

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Speaking honestly. A courageous state does not hide behind myths about “running out of money” or “maxing out the credit card.”

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Taking responsibility. It does not outsource decisions to unelected technocrats or markets.

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Standing up to wealth. It recognises that concentrated wealth corrodes democracy and must be challenged.

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Planning long-term. It invests in future generations rather than chasing short-term approval from financial markets.

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Trusting people. It builds public services and social security systems that empower citizens rather than treating them with suspicion.

### ***Why it matters now***

Looking back from 2025, much has changed, but the basic argument of ***The Courageous State*** has only grown more relevant. The cowardly state has not gone

away. If anything, it has deepened: outsourcing, fiscal rules, and deference to corporate power still dominate political life.

But the crises we face — ecological collapse, inequality, geopolitical instability, the rise of authoritarian populism — demand courage. They demand governments that accept responsibility for shaping the economy, redistributing resources, and planning for the future.

The book was a call to action, and it remains one.

## **Conclusion**

A courageous state is not a utopia. It is a choice. It is the choice for governments to govern, rather than abdicate. It is the choice to face down wealth and privilege in the name of the common good. It is the choice to invest, to tax fairly, to regulate markets, and to plan for sustainability.

Above all, it is the choice to restore meaning to democracy. If a government will not govern, then people will lose faith. If a government acts with courage, then democracy can thrive.

That is why ***The Courageous State*** matters. It is not about one policy or another. It is about the spirit of politics itself. Do we live in a cowardly state that hides behind myths, or a courageous state that dares to build a better future?

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