

Subject: Important Info Leviathan

From: xxx <xxx@proton.me>

Date: 30/06/2026

To: "mensajedato@bibliotecapleyades.net" <mensajedato@bibliotecapleyades.net>

Source: <https://www.alilybit.com/p/how-to-starve-a-leviathan>

How to Starve a Leviathan

A Manual to Hand to Your Next Government

Jun 24, 2026

We live now, for good or ill, in a globalized world, and that one fact has quietly rewritten the rules of belonging. If you have money, you have options, and options are a form of escape. A Londoner can go to Italy and strike a deal there, reach a private arrangement in Switzerland, or decamp to Dubai for three years, five years — and some who leave never come back. An American can do the version of the same trick without a passport: leave California or New York for Texas, Florida or Tennessee, where the income tax is zero and the regulators are quieter.

The principle is identical on both shores. Capital and talent now flow toward whoever treats them best, and they flow fast. It is a brain drain happening in real time. Corporate startups are in decline. And why wouldn't they be? Everything is set against them.

You cannot plan ahead when the rules change all the time. A bad situation you can prepare for; if you know the weather is going to turn, you pack a coat. What you cannot prepare for is not knowing what the finance ministry will do next week.

Consider the person who, in good faith, bought an electric vehicle because the state told them it was the responsible choice — and who now hears that they might be taxed by the mile. The rules are being changed retrospectively on a decision already made. Or take the owner of a second home, who may wake to find their council tax quadrupled, again retrospectively. An American small-business owner who built a supply chain on one set of trade rules, only to watch tariffs rewrite the maths overnight, knows the same vertigo. How is anyone supposed to build a life, a business, a future on ground that shifts beneath them?

And so, increasingly, people have simply said: we've had enough. What has emerged is a global marketplace for the wealthy. There is, undeniably, a privilege that comes with money — and the chief privilege is mobility. You can move from country to country, state to state, jurisdiction to jurisdiction, picking whoever treats you best, playing the system in ways the middle and lower classes never can. It is a reality we may have to accept rather than resent.

Some people, as the now-familiar phrase has it, are *somewheres* and some are *anywheres* and a meaningful proportion of citizens will say, frankly, *I am mobile, and I intend to hedge my bets*. Governments that refuse to recognize this are not principled; they are foolish. Drive out the mobile and the tax take shrinks, and a shrinking tax take begets higher taxes, which drives out more people still. That is the negative circle. What is needed is the opposite — a virtuous one.

A Tale of Several Economies

It would be easy to assume the whole West is in the same boat. It is not. One or two countries are actually doing rather well, and the contrasts are instructive — within Europe, and across the Atlantic too.

The major European economies are struggling. France is in desperate trouble; its fiscal position is, if anything,

even worse than Britain's. Germany's situation is very bad too, for entirely different reasons. But look elsewhere. A generation ago the Republic of Ireland was a basket case — a poor, largely agrarian economy on the western edge of Europe. Today its GDP per capita is among the very highest in the world, third or thereabouts. Yes, that figure is a statistical freak in part, inflated by the likes of Amazon booking their numbers through Dublin. But strip the distortion away and something real remains: the Irish gamed the tax system, and they did it cleverly, for the benefit of their own citizens. They turned themselves from one of Europe's poorest countries into one of its richest.

Meloni's Italy is learning that same lesson. Italy is not out of the woods — it carries a major debt problem, it endured a generation without growth, and its demographics remain a serious drag. But it has started to attract capital. People are moving there. Property, in most parts of the country, costs considerably less than it does in Britain. The quality of life is high, and — crucially — there is tax certainty, and newcomers are made welcome. Italy is addressing its debt, slowly, from a high base, and it is beginning to grow.

Then there is the most interesting European success story of all: the former Eastern Bloc. These nations started from an incredibly low base, and yes, some of their progress is simple catch-up. But the deeper truth is that they have been fiscally conservative. Their states are smaller. They did not go down the mass-migration route — if anything, their populations have shrunk. And the results speak for themselves.

Poland is on course to be richer than Britain, per capita, within ten to twelve years. Think about how extraordinary that is. Poland has ridden every difficulty with genuine aplomb. Nor is it alone; the same is true across that entire northern and eastern European arc. These are societies that are conservative with a small *c*, socially cohesive, fiscally sensible, and possessed of a strong work ethic. They have welfare states, but welfare states that are not out of control. They are building strong moral societies — *dominant* may be too strong a word, but they are catching up with the rest of Europe after fifty, sixty, seventy years of appalling misrule under the Soviet yoke.

And then there is America, which is the great rebuke to the fatalists — and, as we shall see, a cautionary tale in its own right. It keeps creating jobs and wealth, it has grown at roughly three percent a year with a consistency Europe can only envy, and it dominates the industries that will define the century: technology, software, artificial intelligence. It has its problems and its yawning regional disparities. But is it mere luck that the most valuable companies on earth cluster in California and not in Frankfurt or Birmingham? No. The Americans are doing something right, and the lesson is there to be learned — even as their public finances rot from the inside, a contradiction we will come to.

That is the real map. The growth in Europe now lives in the east and the periphery. Old Europe is dying, and Britain is dying with it. And the country that should be Britain's natural model, America, is simultaneously the West's growth engine and the West's most reckless debtor. Both truths matter.

A Lily Bit is a reader-supported publication. To receive new posts and support my work, consider becoming a free or paid subscriber.

The Dying of the Light

What makes the decline so maddening is how needless it is, because the assets are still here, and they are phenomenal. Britain has two of the greatest universities on the planet and at least twenty more that are genuinely first rate. It has Wimbledon, Wembley, Twickenham — every sport there is. It has rock music. It has cultural depth that other countries can only envy. Stand in Soho and feel it: there are not many corners of Europe with that kind of vibrancy, that density of creativity. The City of London, for all its problems, remains the second most important financial center on earth — behind only New York, whose own dominance is a reminder of what concentrated talent and deep capital can still build.

It is not too late to turn this around. But it is getting close to the eleventh hour. Come the next British election, if the country has not got its act together and taken radical action, people will head for the doors in serious numbers, and at that point the decline becomes almost impossible to reverse. They are on a knife edge. The assets are still there. The creativity is still there. Enough people still have the spark. But they are being crushed, and everyday people struggle to understand why the Treasury and the Bank of England — or, for that matter, the Congressional Budget Office and the Federal Reserve — cannot see it.

Go back to the 1980s. There was a genuine excitement about Britain then. The economy grew three, four, five percent a year. Most people — not everyone, but most — were getting wealthier. It was the same restless

optimism that ran through Reagan's America in those years. Those reforms have since been unpicked, one by one, and the result is a country in a worse place than it was even in the 1970s. Because this is not merely an economic malaise. It is a cultural one too. The division and rancour, the willingness of the state to legislate on matters of private ethics that ought never to have left the private sphere, the sense of a society at war with itself — all of it feeds a pervasive feel-bad factor. Americans feel it as keenly as all of Western Europe; the bitterness of their politics is the same disease wearing different colours.

The window is short, but the problem is recoverable. We should be clear-eyed, though, about how we got here: these troubles are thirty to thirty-five years in the making, and no single party built them.

The rot set in with the embedding of the big state, much of it moved off balance sheet and beyond proper parliamentary scrutiny through a careful web of institutions. A Supreme Court was founded that made meaningful change far harder to enact. A quangocracy was built. A civil service was cultivated that is, by temperament, hostile to precisely the kind of reform now required. And here is the part the right would rather forget: all of that was then entrenched, not dismantled.

The American story indicts both parties. The national debt did not climb to thirty-eight trillion dollars under one banner. Republicans cut taxes without ever cutting spending and called it conservatism; Democrats expanded entitlements without ever funding them and called it compassion. George W. Bush ran wars and a prescription-drug entitlement off the books. Obama presided over trillion-dollar deficits. Trump signed tax cuts and then, during the pandemic, sent cheques to almost everyone and blew the deficit wide open — and is now floating the idea of handing two thousand dollars to every American earning under a hundred thousand. Biden answered with spending of his own. Whichever tribe holds the chequebook, the chequebook only ever gets bigger. The leviathan is bipartisan. That is the first thing an honest observer has to admit: this is not a tale of virtuous conservatives and villainous progressives. It is a tale of a whole rotten political class, of every color, that discovered it could buy the present by mortgaging the future.

The symptoms are everywhere once you look. The benefit system is out of control and has become counterproductive. The country is riddled with cliff edges. In Europe, spare a thought first for the people who never earn thirty thousand a year — who get up early, work hard, and watch a neighbour who simply can't be bothered do no worse. Then there is another group, perhaps less likely to attract sympathy: those earning around a hundred thousand, who find themselves taxed at an effective marginal rate of sixty-five, sixty-eight percent on income between roughly a hundred and a hundred and thirty thousand. It is plainly absurd that someone doing well in life pays a higher marginal rate than someone earning half a million.

America has its own grotesque cliff edges — the welfare and subsidy thresholds where earning one extra dollar costs a family thousands in lost benefits, punishing precisely the striving the system claims to reward. Different countries, identical perversity.

Can a new government — of any stripe — fix all this in five years? No. It cannot. But it can begin to turn the tank around. This is a fifteen- to twenty-year project, and there will be pain. You cannot rectify a fiscal crisis, a tax crisis and a regulatory crisis simultaneously without taking some genuinely tough measures. Whoever governs next should take that pain very, very early. Go big. Take it early. Do the work *before* you are elected. And anchor it all in fairness, because everyone agrees that people who are genuinely in trouble should be helped — that is not for debate.

The Arithmetic of Pain

The numbers, set out honestly, are stark — and they are also navigable. A reforming European government needs to take perhaps a hundred to a hundred and fifty billion euros out of public expenditure almost immediately, and recycle a good portion of it into tax cuts. Is that doable? Yes — and there are several ways to get there. Britain, for example, spends around three hundred and sixty billion on benefits, roughly half of which goes on pensions, and there is not much to be done about that half. So the pain has to be shared.

For what it is worth, the triple lock should go. Ending it would save seven or eight billion a year, compounding — modest in any single year, but substantial across the lifetime of a parliament. Beyond that, the country needs to get back to a normalized number of people on benefits, and to think very hard about where the bar sits, because it cannot be right that someone on benefits can end up better off than someone on the minimum wage. A great deal can be shaved from the welfare budget without cruelty. And the quango budgets demand ruthlessness: bring them in-house almost immediately and go through them line by line. Not required. Not required. Yes — we need

that one.

America faces the same arithmetic on a vastly larger scale, and the same political cowardice surrounds it. The bulk of the federal budget is entitlements and interest — Social Security, Medicare, Medicaid — the very programmes that neither party will touch, because the pensioner and the near-pensioner vote in numbers the young cannot match. The honest truth, on both sides of the Atlantic, is that the maths cannot be made to work by trimming the parts everyone agrees are wasteful. The big money sits in the promises that are most popular, and courage means saying so out loud.

Re-engineering the State

None of this happens by wishing. It requires re-engineering the very mechanics of the state, and that is probably the first thing a new government has to do. The hard truth, too often forgotten in the euphoria of polling day, is that winning the election is the easy part. Implementing the programme is the difficulty.

The pushback will be enormous, and it will come from every direction. In Britain, whatever shape the BBC is in after its recent troubles — and assuming it remains central — it will be deeply hostile; we saw how it behaved over Brexit, and how it has behaved consistently since. The civil service itself will resist, and it has grown to a size that defies belief. The headcount has risen from around three hundred and eighty thousand to five hundred and fifty thousand. From a post-austerity low of three hundred and eighty-four thousand in 2016 it climbed to five hundred and sixteen thousand by March 2025, and it is almost certainly higher now.

The Office for National Statistics, which tracks UK productivity, records that public sector productivity is *lower today than it was in 1997* — a year when there was barely an internet and no digital economy to speak of. How can that conceivably be the case? Layer on top the NHS, which has swollen from around 1.2 million to 1.7 million staff, and the picture is of more than a million extra public sector workers delivering, on the available evidence, less output.

America's version of this resistance has a different shape but the same logic. The permanent bureaucracy — the agencies, the regulators, the federal workforce that outlasts every administration — has its own institutional interests, and they do not include shrinking. When a reforming president arrives, the machinery slows, the lawsuits multiply, and the careerists wait him out. The resistance, in both countries, will not stop at the broadcasters and the bureaucracy. It will come from the other parties and those doing their bidding. There will be the familiar slurs hurled in every direction — fascists, racists from one side; communists, traitors from the other. And it will come from the courts, in the form of legal challenge after legal challenge after legal challenge.

Which is why whoever governs next must walk through the door with a detailed plan already drafted. In Britain, under the royal prerogative a government possesses some significant powers, and where a measure has been set out explicitly in a manifesto, it has the moral mandate to use them. It should learn, too, from what Trump's team attempted in 2024: assembling people aligned with the agenda, ready to serve as senior advisers from day one rather than spending two years learning where the levers are. (That America then demonstrated how easily such an effort can collapse into chaos and self-dealing is part of the lesson, not a refutation of it.)

Britain must also confront the convention that ministers cannot dismiss civil servants — a convention that should be overturned by an Act of Parliament. Not to import some Goldman Sachs hire-and-fire culture, but to remind the civil service of a basic constitutional fact: the government of the day, however little the mandarins may like its programme, is the government of the day, and its will must be enacted.

Above all, the markets must be convinced. Any serious party must put fiscal sustainability front and centre, because it is absolutely essential, and it leads directly to an aggressive plan to regularise spending. The timid route is the one already worn smooth by the tax system: freezing thresholds. Freeze them and fiscal drag does the work quietly, hauling in perhaps twenty or thirty billion a year as inflation erodes their real value — the same stealth tax that American bracket creep imposed for decades before indexation.

But far bolder things are possible. We should remember that the British state has grown from a third of the economy to fully half. How much is too much? Do you want to live in a free society or a controlled one? In a free society, the country will blossom — and the left may be surprised to find that, in the long run, it produces a better health service and a better education system. Freedom and liberty ultimately deliver better services for everyone. What the current approach does is put the cart before the horse: short-term expediency, generosity with other people's money, and the slow strangling of the golden goose.

The Golden Goose

For a long while the political class got away with it, because so much of Western Europe was itself a basket case, and by comparison Britain still looked tolerable. But the comparison has curdled. The country has trashed more than its reputation as a low-tax destination. It has trashed its reputation for sane regulation, for the rule of law, for freedom and for fairness. That, more than any single tax rate, is why people are leaving. And America should not be smug here: when a great democratic nation lets its debt and its dysfunction run unchecked, it too begins to trade on a reputation it is busily spending down.

There is a creed that circulates online, blunt enough to provoke and clear enough to remember. Capitalists, it runs, are not mean; they simply understand economics and incentives, and capitalism is enforced by freedom. Socialists, by contrast, are not kind; they are stupid and evil, because every socialist nation has enforced its ideology with wars, bullets and censorship. Choose freedom.

It is a hard-edged formulation, and deliberately so, and the core of it is difficult to argue with: every collectivist project, however prettily it dresses itself, ends in coercion, because a plan imposed on everyone must in the end be enforced against everyone. The one correction worth making cuts against the political right, not in its favour. The self-described champions of free markets have, in office, presided over the largest expansions of the state and the debt in history — which means they were never really capitalists at all, merely statist who preferred a blue rosette to a red one. And that is precisely the point.

The real division has never been left versus right; it is liberty against the state. It is those who would let people keep the fruits of their own effort against those — of every party, every colour, every flavour of good intention — who believe that some committee, somewhere, should decide for them.

The deeper difficulty is that two related weaknesses run beneath the whole predicament, and they afflict every Western democracy. The first is that we no longer have a strong enough culture of freedom; too few people genuinely understand what liberty means. The second is that we have done a woeful job of teaching the basic economics that would let them see how prosperity is actually made. Many of us believed, until quite recently, that we lived in free countries — and have been shocked to discover the qualifications, not only in the erosion of economic liberty but in the narrowing of speech. We can still, within reason, say more or less what we like. But in the mainstream that freedom is increasingly challenged, and the window of what is acceptable to discuss keeps closing — in American universities and corporate HR departments quite as much as in European institutions.

How the Tithe Became the Leviathan

To understand how far the state has swollen, it helps to recall how small it once was. The historian A. J. P. Taylor observed that an Englishman born before 1913, if he was law-abiding, might pass his entire life with no interaction with the state beyond the local bobby on the beat and the local postman. Taxes ran at around ten percent, a biblical tithe, and most of even that went on the Royal Navy. America before the First World War was much the same: no federal income tax to speak of until 1913, a tiny federal government, a citizen who might live and die having dealt with Washington only at the post office. It is a myth, mind you, that there was no welfare in the old order; it simply was not delivered from the capital. It was localized — a dense fabric of local charities, churches and mutual societies, many of which, in Britain, helped to found the Labour Party seventy or eighty years later.

Then came the cataclysm. A first world war, and then a second, both ironically instigated by British money power. After the first came Homes for Heroes and the first pensions — entirely understandable responses to immense sacrifice. The state's share of the economy climbed from ten percent to twenty-five or thirty. Then came the second war, and then, in Britain, came Attlee, and Attlee changed the game. He nationalized personal responsibility. It sounded moral, and in many ways it was done for genuinely altruistic reasons. America's version arrived in instalments — the New Deal, then the Great Society — and with the same logic and the same trajectory: each programme launched for the noblest of motives, each one ratcheting the state a little higher and personal responsibility a little lower.

Over the decades that followed, the welfare state grew out of all control, and in doing so it broke personal responsibility and corroded the will of people to make their own way. We have now reached a tipping point. Either there is a counter-revolution in which we grasp just how far our liberty has been eroded, or we enter a genuinely dark period in which the state dictates virtually every aspect of life, and the scope for individual action narrows to

almost nothing.

Coming Apart

It feels, already, like a dark time. There are serious people arguing that Europe is effectively in a state of civil war, a claim that is hard to process and harder still to dismiss out of hand; and anyone who has watched America's politics curdle into mutual loathing will recognize the diagnosis.

Meanwhile the polls register the rising popularity of leftist figures, who are economically illiterate, and the spectacle of the European Greens and the Liberal Democrats drawing together to fight what they call the fascism of the right — an irony almost too rich to bear. And yet one can understand the anger of the young who turn to the radical left, even while judging them wrong. Many have been failed by poor parenting and poor education. They were funnelled into university and saddled with debt. They cannot find good jobs. They cannot get on the housing ladder. They live in a society that barely punishes petty crime. Of course they are ripe to be sold a socialist story. They are mistaken — but the anger is comprehensible, and a right that merely sneers at them will never win them back.

There is a book about America, *Coming Apart*, published ten or fifteen years ago, that contrasted the country of the 1960s with the country of a decade ago. In the 1960s, the chief executive ate in much the same burger bars as his workers, took only slightly nicer holidays, and lived a broadly similar life. Most people were married.

Set that against today, where a super-elite has detached itself entirely and the curve below has hollowed out — and the further down that curve you travel, the less likely a person is to be married, with all that implies for the stability of society and the prospects of the next generation. The two tribes are becoming, quite literally, different peoples. It was written about America, but it describes Europe just as exactly, and that is precisely the point: this is a shared Western affliction, not a national peculiarity.

IMAGE

The Stolen Ladder

The generational dimension is impossible to ignore, especially for anyone with a young child watching the ladder being pulled up. Consider a first home bought in Glasgow a long time ago for thirty-six thousand pounds — not much of a house, but then a first house should not be much of a house; you are meant to build up in life. The point is that it was *affordable*, and in much of Europe today it simply is not — just as it is no longer affordable in San Francisco, in New York, in every coastal American city where a starter home now costs a fortune.

One of the unintended consequences of the quantitative easing unleashed after the global financial crisis — money, in effect, for free, printed by the Bank of England, the ECB, and the Federal Reserve alike — was that asset prices went sky-high, and that, in turn, manufactured a profound generational unfairness on both continents. A whole cohort has been forced into renting, and into paying very high rents. In Britain, both Michael Gove and now the Labour Party have made it worse, because their regulation of the rental market only pushes rents higher still; America's rent-controlled cities have run the same experiment with the same result. Add student loans, often run up at frankly questionable institutions, and ask honestly how a person in their twenties is supposed to get on. They need to feel that opportunity exists. And if they are tempted by the radical left, they are making a very serious mistake, because all they will achieve is the destruction of the last vestiges of liberty — and the further shrinking of their own wealth and prospects.

So there is a job of education to be done: to teach young people the plain facts of how an economy and its markets actually work. And there is an irony worth naming, because it points straight at the real culprit. Many of the policies sold as compassion are, in narrow self-interest, *good* for people who already own assets: when the state prints money and drives asset prices up, it is the asset-rich who win and the young and the poor who lose. The villain here is not the market but the state's printing press.

If you genuinely want to help the poorest, you want to get as far away from that engineered inflation as you

possibly can. The asset windfall held while the money was being printed and prices inflated. We have now reached a more dangerous tipping point, where those same assets are being taxed — which is genuinely perilous, because the people who would build up wealth can no longer do so, and once the remaining wealth has been eroded, there is precious little left. The knife edge, again.

The Shrinking Cake

There is something almost comic in a government that, having inflated asset values, now turns round and asks for the money back — it calls to mind that moment in *White Men Can't Jump* when the gambler loses his bet and his wife goes round trying to retrieve the cash. It is very hard to get the money back. Push too far and you risk stressing the banking system itself. Do it retrospectively and you are not merely failing to grow the cake; you are shrinking it.

Step back and the long sweep is sobering, and it is the same sweep on both sides of the Atlantic. From the start of the Industrial Revolution to 2008, the average person grew about two and a half percent richer every single year. Since 2008, growth has all but stopped. Why? Partly the decade of near-zero interest rates, which bred deep distortions everywhere central banks held rates on the floor. Partly the vast expansion of the state and of regulation, which between them have stripped away the opportunity to do something positive with one's own life. When working for the government becomes the best gig in town — and in large parts of Europe, and in whole American cities and counties, it has — you have a serious problem. What is needed instead is a can-do culture, where people have a go; some succeed, some fail, but the attempt is made.

Britain could have done it. There were, not so long ago, more tech unicorns clustered around Old Street than in all of Europe combined. That advantage is dissipating — and where did the talent and the capital go? To America, overwhelmingly, to Silicon Valley and Austin and Miami, which is exactly why the comparison stings. It is not too late to save it, but salvation requires radical action, and an honest reckoning with the scale of the problem.

Whoever governs next needs to be honest about how much must be done, and honest that there will be some pain. On a five-year view, the direction of travel can be turned; people will see green shoots. On a ten- or fifteen-year view, the difference could be tremendous. Because the alternatives are bleak: would anyone invest in France, with its truly serious problems? In Germany? There are not many places in Europe left to go. You might choose Italy — but for the lifestyle and the wine and a much lower tax bill, not for creativity, and not to build something. Perhaps Estonia, with its elegant flat tax; Eastern Europe is a different proposition altogether, and Estonia in particular is a small, beautiful country with a great deal going for it — though, being small, it cannot absorb everyone. And the deepest worry is this: it is not only the millionaires who are leaving. It is people in their twenties, saying *I'm going away for five years, I'll see what happens* — and five years has a way of becoming forever. You will need to tempt them home.

The Entrepreneur's Shrug

The millionaires are going and the young are going, but there is a third departure that may matter most of all: the quiet withdrawal of the people who build things. Listen to the entrepreneur who used to love starting businesses and now says, flatly, *I can't be bothered right now*. The temptation is to scale back, because in Europe it has become too much hard work merely to tread water, and even when you do pull a rabbit out of the hat and make some money, it is no longer life-changing. It is so much easier to put the money into the markets — the NASDAQ, an index tracker, a little gold, some commodities, a nicely balanced portfolio, even Polymarket funds — and simply sit there collecting a few percent a year. Why shoulder all the risk that has been loaded onto entrepreneurs while the rewards are stripped away? (That the safest passive bet for a discouraged European builder is to buy *American* equities is itself a quiet indictment of where the dynamism has gone.)

That shrug is a large part of the stagnation, because it has always been small and medium-sized companies that drive growth — not the Unilevers, good as they are, nor the Marks and Spencers, but the small, dynamic firms. America understands this in its bones, which is why its startup culture remains the envy of the world; Germany understood it once and is forgetting. Precisely that incentive is dissipating, and dissipating faster. Which is why the next few years really are the last chance: if it is not turned around, the state will be so deeply embedded that the perverse incentives — above all the incentive *not* to work very hard — will have become overwhelming.

The culture compounds the economics. We have built education systems that no longer celebrate excellence. We have moved from a university model that was, if we are honest, frankly elitist, to a prizes-for-all model — and it is

fair to ask whether the resulting fifty or sixty thousand pounds of debt is worth it. In many cases it is not. A young person would often be far better off setting up a small business — a joinery, a fabric shop, whatever it might be — than taking on that debt for a degree of doubtful value.

The same question echoes through every American debate about the worth of a four-year college degree against a trade. We created this culture, and we will have to uncreate it. And there is more to undo besides: the DEI and woke agenda, a programme largely imposed from above, has added enormous cost and drained the fun from working life — in Wall Street boardrooms and Silicon Valley HR departments quite as much as in the City of London, Berlin or Paris, which, once a creative place, has become a box-ticking, spreadsheet place where everyone herds together. (The point is not to install a rival set of commissars, but to get the state out of the room altogether and let people associate, hire, speak and spend as they freely choose.)

The Consensus That's Always Wrong

That herding instinct helps explain one of the great mysteries of public life: why the official forecasts are so consistently lousy. Britain's Office for Budget Responsibility spends some fifty million pounds a year on a large team of economists. Goldman Sachs spends a fraction of that on its economics function. Yet it is the official bodies that keep getting it wrong, and the reason is that they have become consensual — everyone gathers around the same comfortable forecast, and the consensus is reliably mistaken.

America's Congressional Budget Office and the Federal Reserve's own projections have the same dismal record; the Fed spent 2021 insisting inflation was transitory. The EU's and Britain's projections have been persistently too optimistic on growth, on inflation and on the fiscal deficit. Look at a forecast from seven or eight years ago and the debt today is at least half a trillion higher than they predicted. Is it optimism or merely hope? Perhaps it is the same instinct as the founder pitching Silicon Valley, who naturally plugs the rosier numbers into the model.

Either way, Europe has lost its can-do culture and made itself a poor place to invest. Recall that Rachel Reeves promised, last year, twenty billion pounds of tax rises and no more. Then she was coming back for more — at least thirty billion, one suspects, though no one truly knows — and the next idiot in charge will come back again after that. It is a death loop. More tax drives more people out, which worsens the finances, which demands more tax. The loop has to be short-circuited, and it will not be short-circuited by tinkering at the edges. What is required now is radical surgery.

In a democracy that surgery has to be front-loaded to the very start of a term, and accompanied by honesty: the pain must be shared, not dumped on a single group, and it must be paired, very quickly, with incentives to invest. Capital is not sentimental; it goes where it is treated well, which is the whole reason it keeps flowing to America despite everything wrong with American public finance.

Forty-Eight Thousand a Family

But can a country actually absorb such drastic change all at once? It is the obvious objection. Shrink the civil service dramatically, shrink the welfare state dramatically, all within three years, and you will need a great many new jobs to appear in step. Cut a hundred and fifty billion from spending while also offering big tax breaks, and you are still, on the face of it, running a deficit to do it. It is a great deal to attempt simultaneously.

Look hard at the arithmetic, though. Britain's deficit currently runs at around a hundred and fifty billion pounds. Suppose you took a hundred billion off spending — that is about seven percent of the total. And remember that the state is already spending something like forty-eight thousand pounds per family, possibly more. For all that money, is the army bigger? No. Is law and order better? No. Are hospital waiting lists shorter? No. Try to name a single thing that has genuinely improved over the past twenty-five years and you will struggle — genuinely struggle — to come up with anything, in an age when technology should have allowed the state to do far more with far fewer people. The opposite has happened all across Europe.

Americans can run the same painful exercise: trillions more spent, and is the typical public school better, the typical city safer, the typical infrastructure newer? So when someone protests, *but what becomes of all those sacked public servants?*, the honest answer is a question in return: the European Union took on over a million extra public sector workers in the last seven or eight years, for no extra benefit anyone can identify — so what, exactly, did *they* all do?

In the end it comes down to a philosophical choice, and it is the same choice in Westminster and in Washington. Do we want to live in a tokenized, statist world in which the state controls the pot, doles out little sweets here and there, and rations everything? Or do we want to take a measure of risk in our own lives and do things for ourselves? There would still be a safety net — a very large one. But the issue is no longer merely that the state is half the economy. It is that its regulation of the private half has become endemic.

The Energy Madness

Nowhere is the self-harm clearer than in energy, where European prices run at roughly four times those of the United States. That single comparison ought to end the debate. The story tells itself. An entrepreneur goes to America seeking investment for a European project and is told, by a successful investor, that the country is simply uninvestable as things stand — and that the very first thing to deal with is energy, because Europe is anti-competitive internationally on an industrial scale. Sort out energy prices and you have, in effect, handed every business and household a tax cut. America's cheap energy, its shale gas above all, is one of the quiet engines of its industrial edge — the kind of advantage Europe has chosen to throw away.

The political class rightly eulogizes industry — even as British industry collapses around them. It is not entirely the current government's fault; the decline has been a long, slow burn under every administration. But the net-zero zealotry is the icing on the cake.

America is not interested in net zero. Russia is not interested in net zero. China is not interested in net zero. India is certainly not. Europe accounts for two percent of global emissions, and falling. Even if one accepts every premise of climate change, what Europe does is, frankly, irrelevant to the global outcome — while it is busy destroying what remains of its industrial base. It is madness. Fixing it is an easy win in principle, though not one that can be conjured overnight, because the infrastructure is built in; but on a ten- to twenty-year horizon it can be sorted.

The shape of the answer is clear enough. Europe could be net zero within twenty years by means of a radical plan to build a nuclear fleet — enough capacity to generate as much energy as the continent wants, an abundance, even a surplus to export, funded by bonds issued against it. France, it is worth noting, quietly built exactly such a fleet decades ago and reaps the benefit in cheap, clean power to this day, while America is now racing to build small modular reactors to feed its AI data centers. Over those twenty years Europe could stop wasting its time and money on solar and wind, cut energy prices in the short term, and still arrive at net zero. So why is it not being done, when the technology exists? Timidity, frankly. Cowardice. And environmental zealotry.

Scotland is the cautionary tale and it indicts the left precisely as the rest of this essay indicts the right. There the Greens were given their experiment, propping up an SNP that was mad enough on its own. The result: Scotland is the most progressive part of the United Kingdom bar Wales, with the state at over half the economy, no growth, high taxes, and a public sector that is just about the only game in town. Scotland sits on the North Sea and is letting it sink beneath the waves — much as California sits atop vast energy reserves it refuses to touch. These are ideologues who do not understand the damage they do — and who loses most from high energy prices? The poorest. Always the poorest.

The socialists, founded on a genuinely noble ideology in an age of mass industrialization, are by some distance doing the greatest harm to the very people they claim to stand for. As one neat formulation has it: if socialists understood economics, they would not be socialists. They appear kind. How, after all, could it be wrong to help a man down on his luck — yes, help him up? But the effect of the system they build is to reduce that man's incentives, to centralize everything, to scatter arbitrary incentives, to make planning impossible, until gradually the system itself takes control of the state and becomes the main engine of society.

China in the Mirror

The symptom is everywhere, even in conversation. When a career in the City began decades ago, governments were barely discussed — there was a mild, curious interest in the Budget, in whether the Chancellor would put a penny on a pint. Now virtually every conversation with clients is about the actions of governments. It used to be about the actions of entrepreneurs and individuals. It is a little different in Silicon Valley, in an America where the state is still somewhat smaller as a share of the economy; but even there the questions creep in — *what will the Fed do, what will the tariffs do, what will Washington do?* — and *how do we protect ourselves?*

Set that against China, and the contrast wounds. The civilisation that founded the Industrial Revolution, and the one that built the modern world's wealthiest economy, now watch China build the equivalent of Britain's entire energy network every three years, and the equivalent of its entire motorway network from scratch every two or three. By comparison the Western debate is pathetic. Yes, of course you build the third Heathrow runway, you idiots! Wake up and smell the coffee, or the next generation will be immeasurably poorer than this one.

What, then, can a committed free-marketeer actually learn from China, which is plainly not a free-market country? It has opened its markets — enough that someone can post a photograph of the Beijing skyline and ask, mischievously, *how exactly has communism failed?* The answer, of course, is that it is no longer a communist country in any economic sense; it opened up. There is much in China to worry about, the surveillance society chief among it, and no one should wish to import its authoritarianism. But China is more decentralized than outsiders appreciate. It has a very high savings ratio. Its welfare state is far smaller than ours. And — like Poland, like the others that have known real poverty within living memory — its people understand the value of work. There is a powerful work ethic there.

So it returns, once more, to culture: a well-intentioned welfare state grown out of control, coupled with an education system that fails to celebrate excellence at any level. Not everyone can be Einstein, and that is not the point; the point is that at whatever level a person stands, they should find the best work available to them, whether carpentry or anything else. We have sold a false promise — that everyone can go to university and do whatever they fancy, with a job in an NGO or a sinecure held up as the pinnacle of ambition.

The Sad Exception Called Europe

The encouraging fact, easily lost, is that rich countries can keep getting richer. America has shown it. So have Australia, Singapore and the OECD broadly. Europe is the exception — the low-growth quarter of the world, where taxes are higher, Britain emphatically included. This is not a point about the EU; Britain and Europe have travelled in the same direction regardless — more debt, more tax, more regulation, more net zero. And alongside the economics has come the denigration of the family and the casting aside of traditional society in favor of a hyper-individualistic modernity — individualistic, note, in the *moral* sphere, while the *economic* sphere has only grown more constrained. Together these have dramatically undermined the West's prospects.

Even the European Union half-grasped this. It commissioned Mario Draghi, formerly of the European Central Bank, to write his now-famous report on why Europe is failing. His conclusions were entirely wrong — more Europe, more centralization, more control, more net zero — but at least he recognized that there was a problem, and the paper is worth reading for its wealth of statistics. Almost everyone now agrees that things are going wrong; what is missing is any agreement on the remedy. What is beyond dispute is the danger that, should the same broad governing consensus win yet again — and in Britain it has, in one form or another, held power for thirty years, with the Conservative Party very much part of it — turning the country around will become very nearly impossible.

For a glimpse of where that road ends, look to Argentina. It was once among the richest countries on earth — fifth, at one point. Its decline did not arrive overnight; it was a gradual, hundred-year affair that accelerated brutally in the final ten or twenty years. Glance at the inflation chart and the recent stretch shows something close to a hundredfold debasement in a single decade. It took precisely that kind of catastrophe for the Argentine people to wake up and accept radical action. Neither Britain nor America is Argentina, and no one wants to get there — but both are on the road. Which is exactly why the next few years matter so much: the West is embedding a massive state and massive deficits, and the only way out of deficits like that, in the end, is to inflate them away. What is needed instead is sound money.

The Money Printers

The central banks' recent record does not inspire confidence on that score. After COVID, the Bank of England expected deflation. It did not even trouble to look properly at the money supply, ignoring the massive growth in broad money generated by its own quantitative easing and by the furlough scheme — which was, in effect, QE pumped directly into the economy. The Federal Reserve made precisely the same error at precisely the same time, printing on a scale never before seen in peacetime and then professing astonishment when prices took off. When inflation duly arrived, the authorities blamed Ukraine and snarled supply chains, conveniently overlooking that prices had begun climbing well before either. The real cause was the debasement of the currency through

the expansion of broad money. And the deeper trouble is intellectual: in the universities, in the central banks, in the treasuries of both countries, Keynesianism is the unquestioned orthodoxy.

Genuine Austrians are vanishingly rare, monetarists nearly as scarce. One thinks of the economist, trained at the LSE, who described herself as an outlier for being an Austrian, and who once attended a gathering of the Hayek Society she headed — a grand total of eight people, the rest of whom turned out to be leftist Keynesians.

It is what one is taught at school and at university; it takes a determined, specialist curiosity to discover that other schools exist at all. America is a little different — there is still a Keynesian orthodoxy, but it is leavened by a living monetarist and free-market tradition, by Chicago and George Mason and the ghost of Milton Friedman. And much of the orthodoxy rests on a myth: that Keynes saved capitalism after the Great Depression. The myth endures because it flatters the state. The notion that one sits in the cockpit, pulling this lever and that, scattering sweeties here and taxing there, clever enough to order the affairs of millions — it is an intoxicating self-image for any finance ministry.

Yet monetarism was once in fashion in Britain, and it worked extremely well in the early 1980s, breaking a severe inflationary spiral, just as Paul Volcker's Fed broke America's at the same moment and at comparable cost. Sound money is critical, because just as a person needs to know where tax and debt stand, they need to know that prices are stable; without that knowledge planning is impossible and savings quietly evaporate.

Which is where hard money enters the argument. Watch what has happened to the price of gold: the market is working out exactly what is going on. When governments debase their currencies relentlessly, people find alternatives — in the trenches of the First World War the currency became cigarettes. Richard Nixon took the dollar off the gold standard in 1971, and there is even a website, *What the f** happened in 1971?*, assembled by Ben Prentiss, that lays chart after chart against that date: American workers' pay decoupling from American productivity, and a whole constellation of incentives going haywire the moment the anchor was cut. Gold stood at thirty-five dollars an ounce in 1971. It now trades at over four thousand — a hundredfold rise. Peter Schiff, one imagines, is happy.

Monetary stability is everything, and inflating one's way out of trouble, as Argentina and so many others have tried, is fool's gold, manufacturing arbitrary winners and losers. The winners are those who hold a great deal of debt — and chief among them are governments themselves, whose obligations inflation quietly melts away.

America occupies a dangerous square of its own here, and it is the starkest illustration in this entire essay that recklessness knows no party. For all it does right, the scale of its deficits is about as bad as Europe's: a national debt of thirty-eight trillion dollars, up from thirty-six not long ago, with a deficit running at around seven percent of GDP — an enormous number — and now the prospect of handing two thousand dollars to everyone earning under a hundred grand. That debt was built by Republicans and Democrats together, in roughly equal measure, each blaming the other while both signed the cheques.

The eighteenth-century Scottish thinker Adam Ferguson offered a simple, durable test: when great nations spend more on servicing their debt than on their own defence, they risk ceasing to be great nations. This year, for the first time, America spent more on debt interest than on defence. Only one major European country passes the test comfortably — Germany. The worst offender is Britain, which spends more than twice as much on debt repayment as on defence: roughly a hundred and twenty billion against around sixty. Worse still, Britain now spends more on servicing its debt than on educating its children — while schools fundraise for basics and cannot attract the best people to teach, and too many institutions, in Britain and America both, drift toward becoming places of activism rather than learning. It is all of a piece: so much consumed by debt that everything else is squeezed, and the next generation pays the price.

The Poisoning of the Debate

It need not be a left-right war, and the most hopeful conversations are the ones that refuse to be. Consider the traditional Labour man — the kind one can disagree with on plenty and still respect — who argues that Britain has never actually had real austerity, and that it badly needs some; that it should begin with a new government being brutally honest with the nation, and that every MP should take a twenty percent cut to their own pay before asking the rest of the country to feel any pain.

As a way of communicating shared sacrifice, the idea has real appeal — and notice that it comes from the left. There are those who insist a country is badly run because its politicians are paid too little; the opposite is nearer

the truth. There are two honest schools of thought on it. One says politics should be a part-time calling, drawing in people who have already made their money and do not need the wage. The other says that if the genuinely brilliant can earn half a million in finance, you will never tempt them into a politician's life.

Singapore tried the high-pay model. In truth the salary is not the real issue; the structure is. We have made entering politics a thoroughly unattractive career, and not only for the money — the whole package is less rewarding than it looks, and the debate itself has turned poisonous, in Washington quite as venomously as in Brussels.

Watch old footage of Peter Shore debating Lord Jenkins over the 1975 referendum — one for Europe, one against — and you witness a gentlemanly, intelligent argument about a real question. The American equivalent might be the Kennedy–Nixon or Lincoln–Douglas tradition of genuine debate, long since buried. Now it is a shouting match, a relentless playing of the man rather than the ball.

We have to find our way back to a place where a country can argue honestly about what its problems actually are. There will be disagreement, of course there will. But the manufacture of a smokescreen, the tearing apart of anyone who declines to share the reigning ideology, is something far more sinister: an attempt to subvert democracy itself.

When does one ever see a politician turn to an opponent and say, *you know what — you've made a good point there?* It would be extraordinary. It would be powerful. We are all drawn to our clusters — and honesty compels the admission of an attraction to the free-market cluster — but there is a moral context to the free market, and the position here is not one of complete libertarianism. It leans hard in that direction without going the whole way, and it fully recognises a proper role for the state. Even so, it is a struggle to name a single good policy the British government has produced since taking office — just as it was a struggle, for an honest critic, to defend much of what the previous lot did either.

Perhaps what is needed is a debater in the Charlie Kirk mould — someone out there making the case with the facts and coaxing people toward them — though it is dispiritingly hard to shift minds that have been taught, through school and university, that the modern God is egalitarianism and that anything challenging it is simply wicked.

And yet the terms of a debate *can* be changed; it has happened before. Take net zero: there was a time when holding a sceptical view marked you out as an eccentric, and now it is the green zealot who looks eccentric, because the evidence has become so clear that the policy is destroying industry and costing the poor dearly.

Or take Brexit. Set aside the rights and wrongs of it; the point is simply that almost no one believed Britain would ever leave the European Union — there were perhaps five MPs who genuinely supported the idea — and then events moved, and against colossal odds the leave side won.

Trump's first victory in 2016 was the same kind of earthquake, written off as impossible until it happened. The window can be moved. A great many people on both sides of the Atlantic already sense that the quiet, kind, rule-of-law, free-speech, moderate society they grew up in is evaporating, and that if something is not done very soon it will be too late.

The Brexit blame is the most interesting of all, because it inverts the truth. Far from setting Britain free to diverge, the country has scarcely repealed a single rule since it left. If anything it has copied Europe wholesale. It has raised taxation from low levels up to European norms. It has driven its debt from among the best in Europe to among the worst. It has out-done even the EU on net zero. It has copied Europe's disastrous immigration policies. It has shifted its employment law heavily in a European direction. Having long occupied a distinctive position somewhere between America and Europe — lighter-touch than Brussels, heavier than Washington — Britain has chosen to become, philosophically, a thoroughly central-European power, abandoning the very Atlanticist flexibility that was its comparative advantage. The likeliest explanation is that the elite was so shaken by ordinary people putting two fingers up to it that it has remained, ever since, in a state of flat denial — much as a large part of the American establishment never reconciled itself to 2016.

The Cost of Cowardice

Why is it that countries with very high employment regulation have such poor records of creating jobs? Any business owner can answer it in a sentence: the more you regulate employment, the less incentive there is to

employ anyone at all. America takes a far more red-blooded approach, and the result is that its workers are paid dramatically more on average. They have fewer rights, yes — but a far better chance of finding another job if they are let go, and considerably stronger incentives to work in the first place.

When Tony Blair came to power, the average American was around five thousand dollars a year richer than the average Briton. The gap is now something like twenty-five thousand dollars. Employment law is part of the story, but only part; the American economy is simply more dynamic, animated by what Schumpeter called creative destruction.

If Europe and Britain insist that nothing can ever be allowed to fail, they end up with a landscape of corporate cases just about kept alive, never thriving — the zombie firms that a decade of cheap money kept on life support. Accept instead that the life cycle of a company is often short — successful for a season, after which its people move on to something new — and you build a far more successful economy. That is what America has done; it lets companies die so that new ones can be born, and Silicon Valley's churn is the proof. And the true gap is wider even than the wage figures suggest, because property is generally cheaper across much of America, and so is energy; the disposable-income chasm is now enormous. Grant that the bottom ten or twenty percent of Americans are not well off — there is a greater spread — but Europe, and indeed almost anyone in work, would be substantially better off under a more dynamic model, and a free economy lifts that bottom decile faster than any redistribution ever has. Move even partway toward it and a country would raise more in tax, and the left's own constituents would enjoy better services and better pay.

Return, finally, to that business owner and ask when he ever actually wants to let someone go. There are only two real cases. The first: they are simply not good at the job. The second: he can no longer afford them — in which case it makes sense to keep the business going and scale back. And if someone genuinely cannot do the work, they *should* go, and they should be told honestly *why*, so that they might learn and go on to work harder elsewhere. But when an underperformer can shelter behind employment law and tribunals, where the employer almost always loses, the lesson taught is the most corrosive one imaginable: that nothing is ever your own fault.

These are perverse incentives, and they rot the whole culture. The dial has to be reset — and people learn a new set of incentives remarkably quickly once it is. There is still enough social capital and goodwill in our countries to turn it around, provided a strong signal is sent, and sending that signal is among the first duties of the next governments. Even if it can only begin the process, it must declare the direction of travel: *trust us for ten or fifteen years and this is where we will get to. We cannot do it overnight. But we trust you — we trust you to succeed.* Some will succeed more than others, and those who do will pay a fair amount of tax, still a considerable amount, and that is what grows the cake.

The West has lost its mojo, and people can feel it. They have been fed a false narrative about austerity — laughable, and demonstrably so from the data. They have been made into a global outlier on the cost of net zero, with no other nation following. And they have been sold the comforting lie that a job for life is the goal, when a job for life, however nice it sounds, is not actually good for you; you need to be learning new tricks and reinventing yourself, which is better for the individual and better for society both — and which is, not coincidentally, the American instinct that keeps that country young. The relentless socializing of every problem clogs the system and destroys growth — and the worse growth becomes, the more vindictive the society grows, feeding on itself, forever blaming others for its own failings.

Can the Governing Class Change?

Is there anything the current crop can do — or is the governing class simply beyond help, too incompetent to survive? Incompetence is the wrong charge. They are not incompetent; they see the world in a fundamentally different way. They are not classical liberals. They genuinely believe in state control and direction, in the conviction that they know best, and in taking what you have achieved for what they regard as the common good.

That worldview is not popular — the polling tells them their ideas are not working with the public. But even if a politician privately accepts that the welfare budget is out of control, he finds it almost impossible to act, hostage as he is to his own backbenchers — exactly as an American president of either party is hostage to the donors, the base, and the entitlement lobbies that make reform electoral suicide.

The government keeps the show on the road by raising taxes considerably further while just about persuading the markets it will not default. That is the death-loop trade. Britain is already paying something like a hundred and fifty basis points more than France at the long end of the yield curve. Were the bond market or the currency to crack,

the government would be forced to confront spending — and would pay dearly all round. America has a longer rope, because the dollar is the world's reserve currency and Treasuries are still the global haven, but a longer rope is still a rope; the bond market disciplines everyone in the end. But the central case is that the Treasury understands those risks and will do just enough to keep the plates spinning.

Which creates the real problem for whoever comes next, inheriting an extraordinarily weak position and needing — in fairness, they are beginning to — to do their homework now. They will need an institutional framework for driving their agenda through the machinery of government without it being snarled up in the courts or kicked into the long grass by the House of Lords. And they will need absolute clarity on spending cuts — a minimum of a hundred billion pounds. A hundred billion sounds vast, and it is, but it is only six or seven percent of total spending.

Any coffee-shop owner could adjust their outgoings by six or seven percent without much drama, up or down. Whoever leads must be ruthlessly clear, armed with hard data, in explaining that the present course is simply not sustainable. And then put the question to the people, plainly: do you want to be free, or do you want the state to dictate the terms of your life from the cradle to the grave? Do you want to hand it that power — or do you want to give life your shot, and be free?

The Way Back

It is right to end on the brighter side, because the case for hope is real, and it rests, above all, on the creativity of people — a creativity the western world shares. Britain is still a great country. Germany is still a great country. Europe remains a beautiful place. There is still, among the population if not among the elite, a deep instinct for fair play. There is still elite education that is the envy of the world, both in the private schools now under attack and in the great universities — and the same can be said of America's, whose research universities remain magnets for the planet's best minds. There is still genuinely interesting technology. And there is the English language itself — an enormous strategic advantage shared across the Atlantic that almost no one ever thinks to mention, the common operating system of global commerce, science and culture.

The world is passing through a vast technological revolution that Europe is not leading but can still benefit from — and which America, for now, *is* leading. It could go either way: digitalization could enslave us, or it could be turned decisively to our advantage — in medical discovery, in the sheer scraping of data, in slashing the cost of almost everything. This is not the view of a neo-Malthusian who fears artificial intelligence will destroy us. For every job it eliminates, it will likely create two more. More people were working, until very recently, than ever before; they simply work in different ways, and the technology will free up opportunity rather than foreclose it. Remember how mad the executioners were when they got rid of public hangings? Yeah, me neither.

So the optimism is genuine, conditional on one thing: getting the rotten governments — this one and the ones that preceded it, of every party — firmly behind us, and changing direction. Do that, and a wonderful place can be built again, and built quickly. It comes down, in the final reckoning, to nerve. A new government must have the courage to walk in on day one and be hard — that is the thing that matters most.

As one writer on the populist delusion has argued, populist movements can win elections but cannot always force the changes they promise; the will to govern is rarer than the will to win. The lesson is simple, and it is the whole argument in a sentence: whoever comes next has to be hard, and tough, and honest with the people about the scale of what must be done — and they have to really go for it.

Fingers crossed, they will.

Sent with [Proton Mail](#) secure email.