

Forget budgets – economic redemption can only come from ourselves now

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In the last of our [Budget 2013](#) coverage, Adam Lent argues that much of the contemporary political discourse about economic policy has failed to grasp the limited agency of the state in the contemporary world. Instead of asking what, if any, macroeconomic levers the government could or should be using to generate growth, we should look to a new spirit of civil activism and social entrepreneurship to rebuild the nation's fortunes.



Every Budget debate is a category error. The notion that decisions taken by a centralised, structured body like government can have a seamless impact on a dispersed, self-organising system like the economy is one of the great fallacies of our political era. But rather than acknowledge the vast obstacles this places in the way of meaningful economic policy, our public discourse is full of voices aghast at the wooden-headedness of a Chancellor failing to do the obvious thing.

And those voices should be considerably more wary of sounding too strident at a time of economic volatility. The tax cutters on one side of the party divide and the bond sellers on the other must know that when a person has to walk an unknown path they are bound to wear sensible shoes.

What responsible Chancellor is going to bet the farm on a radical course of action when unexpected events (of which there are many these days) could quickly negate any supposed benefit leaving him with an even bigger problem to resolve. Whiz bang solutions like slashing CGT or borrowing billions to spend on house building would fizzle like a damp sparkler should the Eurozone suddenly fall to a Cypriot contagion. It is sad but true that when faced by the biggest economic test that the UK and the world has endured in many decades, the state is looking mighty small. What was never really in the gift of Chancellors – economic health – is even less available at a time of high risk and great uncertainty.

There is only one meaningful question we can ask ourselves at a time of economic crisis. It is not “what should the Chancellor do” but “what should I do”. It is the inestimable strength of capitalism that it generates growth not through the decree of a central authority but through the aggregated force of a million decisions made every day by millions of people some of which are tiny, some much larger. If we would but recognise it, the power to get the economy back on course rests in our hands.

The ideological out there will be rolling their eyes at the piety; they are after all mostly professional state botherers for whom every path to heaven and to hell passes straight through the doors of 10 and 11 Downing Street. But get out of your party political citadel and talk to a younger generation and there is a [spirit at large](#) that entirely reflects this more voluntarist ethos. There is a [fascination with practical ideas](#) and with innovation. There is a fresh belief that rather than griping about a problem, the obligation is ours to resolve it. There is a desire to be an agent of change not as the baby boomers understood it – going on marches and ‘dropping out’ – but by establishing ventures that have an impact here and now. In short, it is a new entrepreneurial spirit but one applied not just to commercial business but also to charitable, public sector and network activity.

Hence the [sudden sharp rise](#), very much against trend, of the number of 18-29 year olds undertaking early stage entrepreneurial activity in the UK. And before the cynics claim this is a sort of forced entrepreneurialism brought about by a stagnant labour market, note that the great majority of young entrepreneurs [deny this](#). If we really do care about the state of the economy, rather than merely the state of our political credibility, then the best thing we can do is turn away from the bi-annual pantomime of financial statements and work out what our organisations – educational bodies, charities, businesses – can do to nurture and spread this youthful spirit of ‘venturism’. As the

state cowers, the obligation can fall nowhere else but to us.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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