

The Transatlantic exchange of ideas

The UK and the US both have an active world of think tanks and commentators on government. There is often cross fertilisation or influence across the Atlantic. In the days of the close political relationship between President Reagan and Prime Minister Thatcher the US came to the UK to find out how we were developing our new approaches to government and the public sector. I remember in particular a delegation arriving at Downing Street when I was Chief Policy Adviser to find out why and how we were privatising nationalised industries, as well as other exchanges to understand our approach to regulation and labour market management. Under Tony Blair the transition to President Bush was potentially uncomfortable, so the UK accepted the US pressure to back their military interventions in the Middle East. These proved damaging to Mr Blair's reputation and popularity. David Cameron accepted the thrust of Obama's policies and direction, and persuaded the President to become a Remainer. They both supported the international rules based order as interpreted by the EU and others.

Today there is plenty of pull from across the Atlantic for Big government. The Biden Administration has to date decided on a radical left wing strategy of a large expansion of the state. There are the three reflationary packages. The Covid Recovery package of \$1.9tn has been enacted. The American Family Plan which wants to extend more benefits much higher up the income scales has been launched, alongside a large Infrastructure investment programme which takes a very wide ranging definition of infrastructure. These latter two will add another \$4tn to spending over the years ahead if they can be legislated in full. They come with a big programme to boost unionisation of the workforce, and a strong wish to press the Green revolution. The UK government will be willing collaborators with the Green strategy, and will reflect some parts of the recovery plan based around extra state spending.

It is important for the UK government to understand that President Biden is taking the easy way out with his left by giving into most of their wishes. It may be that he thinks their wilder dreams will be voted down by the Senate, or can be bargained away by the need to win votes in Congress. This assumes he is more of a moderate as his words implied before election. Alternatively it is possible he was always hankering after the large state agenda he is now revealing, but kept quiet about the full magnitude of it before the election. Either way this is time to agree with the US President when it suits us or he is right, but to keep our own supply of ideas going to ensure a strong recovery and a full exploitation of our new freedoms. There is a danger that the US overdoes the deficit and money printing bringing forwards faster inflation and the need for a policy rethink.