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America's shutdown to a Briton's eyes [1]

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What to make of the Yanks and their budget? As Newt Gingrich pointed out in last Saturday?s FT, we might start by dialling down the hysteria: shutdowns are no novelty.

> *?Democratic Speaker, Tip O?Neill presided over twelve?government shutdowns?with presidents Jimmy Carter and Ronald Reagan, and even while Democrats controlled both Houses of Congress?.No one in the O?Neill era saw shutdowns as catastrophic. They were irritating, complicated and frustrating but also part of the legislative process.?*

The GOP is fussed about Obamacare, which no-one in the UK gets. Its main point is not to provide hospital care for indigents (something already provided under Medicaid and common-carrier obligations), but to oblige healthy youngsters to sign up so as to reduce costs by bringing them into the insurance pool. This makes some sense ? it more or less happens elsewhere - but putting it like this explains why Americans see it as intrusive and the scheme is so unpopular.

More generally, the Tea Party is up in arms because the new obligations of Obamacare come at a time when the US (as pretty much universally) is testing the limits of what a government of free citizens can afford to take on. Hysteria is now extending to lefty commentators, who are calling apocalypse if the debt ceiling is not raised on 17 October, fearing without quite admitting it that the markets will bear down on the President. They have been joined by some big bondholders who ought to know. Now we hear that ?constructive talks? are under way - on the ceiling at least. But recall that great changes in national direction only come with grubbiness and mess: think of Lloyd George threatening to pack the Lords after they turned down the Peoples? Budget, Roosevelt menacing the Supreme Court over the New Deal, or Bevan getting the NHS past hold-out doctors by ?stopping their mouths with gold?. That?s politics.

But is Obamacare a good thing? Hard for a Brit to say. US healthcare is costly by our standards, yielding outcomes which at their best are world-beating but not universal. Maybe they need more private ?managed care? systems to reduce costs, but that is not the same as Federal intervention.

Back to the limits of government. King Charles I - the one who lost his head - had a legitimate gripe about the irresponsibility of his parliaments. They were bloody-minded, sent mixed signals (singe Papist beards; raise no new taxes) and generally messed him about something rotten (not to mention that losing the head thing). But they and their successors established the principle that the executive shall be controlled by the power of the purse, exercised by representatives of the taxpayers. The Tea Party is also bloody-minded and given to mixed signals. But it is fully seized of that most essential component of American DNA, snappily put by the Culpeper Minutemen, ?Don?t tread on me!?

No doubt, the immediate outcome of this month?s stand-off will be the customary fudge. That?s politics too. But make no mistake: the Republicans in their confusion, the Tea Party zealots in their flyover-state *gaucherie* are onto something: where shall government find its limit? It?s not a trivial question and it won?t be answered in just one go.

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