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Theresa May is getting desperate. Yesterday she revived lines first popularised by a man she likes so much she sacked him in as humiliating a fashion as possible; that is George Osborne. What she said was that if we give nurses a pay rise we will end up with a debt crisis like Greece.

I know that I am not alone in, yet again, despairing at the economic illiteracy a UK politician, but let me spell out why this is complete nonsense since a number of people have asked me to do so.

The explanation is actually quite straightforward and is that in 2010 when its debt crisis became apparent Greece was (and still is) in exactly the same position as a household with regard to making payment of the sums it owed. This is because Greece's national debt was denominated in euros, and for all practical purposes Greece has no control over the creation of new euros, which is a task it agreed to devolve to the European Central Bank when joint the Eurozone, over which it has no effective control. What this means, in blunt terms, is that if Greece is to pay its euro debt then it had to and still has to generate the external income denominated in euros to do so.

That need to earn foreign currency to pay debt has, however, been a nightmare for it. There are a number of reasons but the main one is because by 2010 Greece was already, relative to Germany, a much poorer country than it had been when it had joined the Eurozone because of the relative differences in productivity between the two. What this means is that each worker in Germany always generates much more income per hour worked than does a worker in Greece, and the disparity has only grown over time. Despite this they had suffered a fixed effective exchange rate over that time, meaning Greece's real ability to generate the foreign currency it need to service the debt it had incurred was already much reduced when the crisis hit it.

But that problem was compounded by the fact that Germany, via the European Central Bank (which it effectively controls) refused two things. One was an effective change in the exchange rate. The other was enough debt waiver to leave Greece with anything like the level of debt it could really manage out of the income it was likely to be able to earn in euros. The only option left to Greece then was to react in the way a household must do if it has incurred debts in the past which its current income makes it hard to service and when it is not allowed to go bankrupt, which Greece cannot. This meant it had to unavoidably cut its spending to save internally earned euros to service externally due debt. To put that another way, it had, in effect, to use its available income to pay its creditors rather than to meet the current needs of the country, which in this case really does have no choice but behave in the way a household does because it does not have the power to create its own currency.

So, why is this different from the UK? There are three real reasons.

First, the UK has its own currency. And, as importantly, over 99% of its debt is denominated in that currency. What that means is that, unlike Greece, it does not need to earn what is, in effect, a foreign currency to pay its debts. It pays it with its domestic currency, and that means its ability to repay is dependent on what income generation happens in the UK and is not related in any way to what it can earn from outside it, which is Greece's alternative priority. This means the UK's capacity to repay is vastly greater than Greece's: domestic earnings massively outweigh external ones in both cases.

Second, because the UK has control over its own currency it can use QE to write off its debt, and it has done so. £435 billion of UK national debt is now owned by the UK government as a result of its government sanctioned QE programme and this debt is, in effect, completely cancelled as a result. Importantly, the UK has not asked anyone else if it might write off debt; it has done so of its own choice, and it can do so again as often as it likes simply by the creation of new domestic currency (on which issue, note what I also say, below).

Thrid, and again because the UK has its own currency, it can let its exchange rate float and so if it is more or less productive than another state realign its currency to allow for that fact to reflect its capacity to pay. This is vital.

Put these facts together and the simple fact is that the UK can always repay all of its debt: if there was ever any doubt about that it could prove it could by simply just repurchasing all of that debt using QE using newly created many (which it can then require the recipient banks to deposit back in the Bank of England) and the debt problem could be immediately solved, completely By making it disappear. And if a problem can always be made to disappear it does not really exist. As a result there is no international agency, bank or bond vigilante who can in any way gang up on the UK on its debt because we have the perfect weapon to counter-attack, which is to literally get rid of the bonds. And nothing can stop us doing so, although I would not recommend doing this except in extreme circumstances.

And, because of this and because differences in UK productivity as measured in our currency and the productivity of people in other countries measured in their currency can always be adjusted for using the exchange rate, we can afford pay rises to meet domestic wage, social and economic pressure without in any way threatening our ability to repay debt: all that happens a a result if we are considered to have overpaid is that the value of our debt repayment in the hands of the foreign person who might owns it changes, often to their disadvantage, which is the exact reverse of what happens in Greece.

So, fundamentally, Greece is in the mess it is in because of the euro and we have Gordon Brown to thank for the fact that we are not and so are in an utterly different economic environment. But, it seems, Theresa May does not understand such basic issues relating to the economy of the country of which she is prime minister.

Or to put it another way, she's denying real people pay rises they deserve and need on the basis of her own ignorance. And that makes her unfit for office.