

We cannot run out of money. We will run out of jobs tho...

Published: January 13, 2026, 7:46 pm

The Mirror's morning email to readers yesterday, penned by assistant editor Jason Beattie with whom I have worked, included what appeared to be a claim that the UK could run out of money in the current crisis. I, of course, disagree. This is what I wrote to Jason Beattie in response:

Dear Jason

I hope you are well.

I noted that you wrote in your morning mail today:

"At some point the Government will have to endure the pain which comes with having to say no.

Unlike in 2010 there genuinely is no money left.

Yet Johnson and Rishi Sunak have yet to confront this cold reality, not least because they are now having to defend seats where the poverty the Tories ignored for so long is raw and real."

I hope you will forgive me for writing to say that I cannot agree with you. As you are aware, I have contributed to the Mirror before now, mainly on tax issues, but I am also a professor of political economy and in that capacity have to assure you that your claim that it is possible to run out of money, as Liam Byrne once famously said Labour had done, is technically impossible.

There is good reason for this. It is that money is not a physical thing. Nor is it in any way linked to something like gold, which last happened in 1971. Instead, it is nothing more than the promise to pay which is printed on the banknotes of this country.

So, if we borrow money from the bank, we promise to repay it, and they in turn promise to pay whoever we tell them to. And that process literally creates new money. In fact, most of our money is made in that way.

And when it comes to government-created money, the Bank of England can literally create however much the government instructs, simply by entering numbers into the computer that records the transactions between the Treasury and the Bank. This can be done as often as required so long as if the control of inflation requires it enough tax is charged to take that newly created money out of circulation, and so destroy it.

And that, I promise you, is quite literally all there is to money creation.

In that case, and because money is just a promise, saying that we can run out of it is like saying that we could run out of love. Or, if we want to think of money as a scoring system, then it is like saying that football can run out of goals, or cricket could run out of runs. None of those things do, of course, make any sense. Nor, then, does saying that we can run out of money make sense. We, quite literally, can't.

All that we can do is create too much money. That happens when money creation results in inflation. But, as is now very apparent from experience right around the world, it is very hard to create inflation when interest rates (which are now, because of quantitative easing, almost entirely under government control) at or very close to zero and if there is less than full employment at a real living wage.

I think that it is safe to say that we are not going to see interest rates rise for a very long time. And, my discussion with many economists suggests that there is widespread agreement amongst them that we are heading for many millions of unemployed people in this country.

In that case the chance of inflation is near enough zero, whilst the chance of deeply destructive deflation is quite high unless the government takes steps to create vast numbers of new jobs to keep this country at work and to build the new green and sustainable economy that we need. Only if we do that will we build the basis for the new prosperity that might one day, if it proves to be necessary, let us repay the money that must be created now.

I trust you will forgive me for writing now, but if The Mirror is to be on the side of working people, as it has always been, then it is vital that your paper, of all papers, understands that money is no obstacle to solving a massive unemployment crisis that is going to hit this country by the end of 2020.

Indeed, I would suggest that the greatest service that you at The Mirror can now deliver to this country is to explain that because money is no obstacle we can reject the option of unemployment, and we can reject the option of austerity, and we can reject the option of higher taxes which will be the eventual Conservative reaction to this crisis.

Instead, your paper could argue that a much better alternative is available if only your paper, the Labour Party and the people of this country realise that money is no more than a promise to pay each other to make this country a decent place to live again, and

that what's more, this is precisely what we can achieve if we really understand that the promise in question is no more than that we will pay one day when there is more than sufficient income, and so tax, to do so, but until that day happens then everything to do with repayment can wait.

Best regards

Richard

Jason has responded to me, saying the comment was meant to be an attack on those who make the claim that there is no money left, suggesting that this will make the lives of Red Wall Tories impossible. I think any hint of the suggestion that we could run out of money best avoided. People are too willing to believe this falsehood.