

If you assume there is no role for government in solvin...

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The [FT has a long read today](#) that has the title:

**Stagnation nation:
governing the UK when
'there is no money'**

This, of course, is not true. There is money in the UK. National financial wealth exceeds £15 trillion. GDP exceeds £2.5 trillion, supposedly. Let's not pretend there is no money.

Let's also drop the pretence that there is no money that can be taxed. As I have shown in the [Taxing Wealth Report 2024](#), there is more than £100 billion of tax that could be raised from the wealthiest in the UK if only a government wished to do so.

It is, then, straightforward nonsense that there is no money left in the UK.

Instead, what there are in the UK are a number of claims that are presumed to be true when that is not the case.

One is that there is no money left.

Another is the fact that we're burdened by the national debt. But, as I keep arguing, the national debt is neither a burden because it is simply a savings arrangement and nor does it need repayment - because the UK's financial institutional structure absolutely requires that there be a national debt.

Then, there is the claim that the cost of the national debt curtails all current spending potential. But this need not be true because there is no legal reason why payments on central bank reserve accounts held by commercial banks could not be cut by maybe £30 billion a year, whilst most of the payment of interest on index-linked binds which

has increased the supposed cost is not due to be paid in cash terms for more than 15 years - over which period we have ample chance to put aside the sums required to do so. No current cuts are needed.

These, though, are by no means the only constraints we are dealing with. There is also a near-universal claim that we cannot have any tax increases - which is plain stupid but as much beloved of Rachel Reeves as it is of Tories. Of course, we can have tax increases. We just have to decide which ones we want. If we want to tackle the curse of inequality - which is one of the reasons why this country performs so badly, then we need to tax the rich more.

If we [want to tackle climate change](#), we also need to tax the rich more.

And, if we want to deliver the public services we require we also need to tax more if we are to avoid inflation.

So, the decision not to tax more is itself a problem that we face. In fact it is one of the biggest ones.

At the same time, the argument that we cannot borrow more is absurd because, firstly, we do not borrow: instead, we have a government banking service. People want safe places to save. Second, unless we run bigger deficits, we cannot ever make good the shortfall in investment, which means that this country has literally crumbling schools and hospitals and decay on view everywhere. Third, we need to understand that far from so-called borrowing funding these deficits, deficits create the money that is deposited with the government - because that is the way money flows in an economy.

Last, we need to liberate the capital in ISAs and pensions for public use - but not for speculation in stock markets - which is the most destructive form of saving just about known to humanity - and the cause of much of our climate crisis - but instead to be used as the capital for our new national infrastructure. That saving can fund investment is something that financial markets have wholly forgotten in the UK, and yet it can.

Are any of these matters referred to in the FFT article? No, or they are only to the extent that they are accepted as constraints.

So, the FT is looking - like our politicians - for answers to a conundrum from which they have excluded all known solutions. Unsurprisingly, they think we are doomed to stagnation. That is unnecessary. But if you assume there is no role for government in solving the problems that we now face as a country, stagnation is what you will get. Until we liberate the state to act on our behalf, we are in deep trouble.