

Please tell better stories

<https://www.taxresearch.org.uk/Blog/2025/08/08/please-tell-better-stories/>
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The UK can't run out of pounds any more than it can run out of inches or centimetres. In this response to Gary Stevenson, I explain why money is a public good, created by the state, and why it's wrong to claim the government is broke. That myth props up the austerity agenda. If we want real change, we must stop telling neoliberal stories—even by accident.

<https://www.youtube.com/watch?v=2aaKGm9zZIU?si=a2iABW8kthVUm1CJ>

This is the audio version:

https://www.podbean.com/player-v2/?i=jp5x6-192937a-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

This is a video I didn't really want to make, but I think I've got to because in it [I'm going to criticise a video that Gary Stevenson has made](#) talking about how he thinks Rachel Reeves will have to charge more tax come this October. And the trouble with the video is that it reveals what Gary really thinks about how the economy works, [and I'm pretty uncomfortable](#) with that. But let me first of all say what Gary gets right, because I like to try and find common ground if I can.

Gary rightly sees that inequality in the UK is a class war issue, because it is. The

wealthy have declared war on everybody else in this country, and he's right to call that out, as I have done as a tax justice campaigner for more than 20 years, but I welcome him to the ranks because everybody is welcome.

He's also right to say that there is quite a significant probability now that Rachel Reeves will be looking at how to tax those he describes as being in the middle class in the UK more. But I've got to tell you this, Gary's definition of middle class is pretty odd, and reflects the fact that he spent a long time working in the City of London, because I would definitely think people that he believes are on normal pay are on way above average pay, and the data supports that fact.

But what does Gary also know? He knows that the rich are hoarding wealth at our expense, and of course, this is an issue I have explained in my own series on the wealthy and how they behave. And as a consequence, I support one of Gary's calls, which is for solidarity between working and middle-class people in the face of the assault that they are suffering from the very wealthy, and those who support them within the political system.

So those are things we agree on.

Now I'm afraid I've got to talk about the things where I think Gary gets his economics wrong, and there are, I'm afraid to say, quite a lot of these.

Let's start with the fact that Gary's premise of his video, the whole idea within it, is that the UK is not only capable of running out of money, but that it actually is, and as a matter of fact, that is impossible.

Gary, throughout the entire video, ignores the fact that the UK government creates our money. He just doesn't refer to that fact. It's as if he isn't aware that we have a Bank of England, and every day, day in, day out, the Bank of England creates new money for the government and puts it into circulation, and without that happening, there would be no money in the UK at all.

So this idea that the UK can run out of money, as he puts it, because there won't be somewhere for the government to turn to raise extra taxes or to borrow from, is just wrong, and I'm going to return to that in this video because it's really important that you understand that's correct.

Gary also treats the economy as if it were a household. He quite explicitly does so.

He says right at the beginning of his video that he's going to compare the government to a wealthy person who has savings, wealth and income from both, and then pretends that the government is like that wealthy person, but they aren't. They're nothing like that wealthy person, and again, there is a very good reason. The wealthy person has money that was created by the government. The government creates money. In other

words, the two are nothing like each other.

The wealthy person is dependent upon the government to provide the basis for their wealth.

The government is not dependent upon the wealthy person to provide the basis for its capacity to create money. That is entirely independent of those wealthy people.

So his confusion here is really quite significant.

Fundamentally, he simply isn't talking about the fact that money is a public good created by the government to benefit us all.

So let's come back to those points, and I'm going to elaborate on them.

Effectively, what Gary does is repeat the household budget myth, and that's a massive problem that I have with his video. The simple fact is that households are constrained as to what they can do by the availability of money to them, and they can only get that money by earning it or by being given it by way of government benefits or by borrowing it. That's it. But they can't create money.

But the government creates all the money that it needs to spend. Without exception, tax funds nothing. Borrowing funds nothing, as far as the government is concerned.

Tax reclaims the money that the government has spent to control inflation, and bonds are issued as a savings mechanism, first of all, to provide people with a safe place to put their money, and secondly, to take additional money out of circulation if that is necessary for the sake of controlling inflation as well.

But because the government can always create more money, it can never go broke. So, this story that it can, which is absolutely core to Gary's narrative in this video, is just wrong. And worse than that, it's dangerously wrong because the story that the UK is broke is the narrative that gives cover to the austerity agenda.

Those who promote austerity and say we have to cut public services, and Gary recognises that they exist in what he has to say, use this story to justify the fact that we are unable to meet service demands and therefore they must be cut. And Gary actually talks about that possibility. And none of that is true. The only constraint on the government is not its capacity to create money, because it can always do that. The constraint is its capacity to find things to buy; that is, people and resources who can be put to public use. That's completely different.

And so Gary has to address this fact. He's pretending that the government is a microeconomic actor. In other words, it suffers whatever the market lets it have, but that's simply not true. The government creates markets. It regulates markets. It creates money. It creates the tax system in which they operate. It creates the rules of contract

by which they operate as well. And it creates the money that we all spend, and it has done so since an Act of 1866, which basically regulated the process by which the Bank of England acts under government instruction to do everything that I've just described.

Now, we didn't have pure modern monetary theory back then, and we were on the gold standard, but the basic premise on which the government operates has not varied for 160 years now, near as dammit, and we should understand that.

This idea that tax is used to pay for government services is wrong.

Tax controls inflation, and it can be used to redistribute wealth, and it can be used as part of social and industrial policy by the government to shape the society that we live in.

It doesn't, however, fund anything. Its primary role is to reclaim the money that the government has spent to control inflation, and Gary overlooks all of this because he thinks that tax somehow is also independent of government, when very clearly it isn't. Tax is a government creation.

And there's a danger of using false metaphors in the way that Gary is doing.

If you say the government is broke, as he has, then you enable the austerity agenda.

If you say the government is broke, you then enable the neoliberal idea that we mustn't tax the rich because we are utterly dependent upon them for our well-being.

And if you talk about the government as a household, you say that it is the victim of markets, and so we must not in any way disrupt markets because if we were to do so, and those who operate within them, there is nothing that can be achieved.

And all of those things are wrong because the government creates markets. It creates wealth by literally spending it into existence - every single pound of the government's deficit is a pound of private wealth, because money can be two things simultaneously, and the government is never broke, and can never need to impose austerity.

The UK can never run out of pounds any more than you can run out of goals in a game of football, runs in a game of cricket or whatever else you might like to think of as a sporting metaphor. The government can never run out of pounds because all they are is a measure, a measure of economic activity.

The real limit is our economic capacity, therefore, and not money.

The constraint we face is, is there enough labour, land, energy, and material in our economy to deliver what we need, but not is there enough money because there's always enough money if we want it, because the government can always create more. And so too can commercial banks under license from the government as well.

So real activity matters much more than debt ratios and all the things that Gary focuses upon in his video. He's got his attention in the wrong place.

So what needs to be done?

We need to reject the household budget myth completely.

We need to challenge the neoliberal narrative that says austerity is essential.

And we need to understand the proper roles of taxation within the economy, and one of those is to redistribute wealth, and Gary's right about that one, but he can't pick on one in isolation. We have to understand that public money is a much bigger narrative than that, as is taxation, and the two in combination can be used to build a just and sustainable economy.

We cannot afford false narratives.

Even using them as metaphors for correct arguments doesn't work because it feeds that neoliberal narrative, which for 45 years has been so dangerous to everyone in the UK economy, as Gary recognises, but which he must not encourage.

We must not misguide the public when we're trying to create change.

We need better economic stories.

And one of those is that the government isn't broke. It's failing by choice. Tax is a tool, and it isn't using it properly, and wealth is being hoarded, and we need to address that fact.

A better economy starts with better storytelling, better metaphors, and better narratives, and I'm making a quiet appeal to Gary here. Please tell better stories because this one really didn't work.

Poll

[poll id="175"]
