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The [Telegraph has reported](#) this morning that:

Rachel Reeves 'heading towards IMF bailout'

Economists warn of 70s-style debt crisis unless Chancellor changes course

Their breathless report opens by claiming that:

Rachel Reeves' tax-and-spend gamble is driving Britain towards a 1970s-style debt crisis and bailout from the International Monetary Fund, leading economists have warned.

They have said the Chancellor's handling of the economy risks a return to the years of high inflation and borrowing that ended with Britain being forced to borrow billions from the International Monetary Fund (IMF) 50 years ago.

As is to provide evidence, they add:

On Saturday night, Nigel Farage, the Reform UK leader aid the economic situation was like "the 1970s all over again", while Kemi Badenoch, the Conservative Party leader, said that the surging cost of government borrowing was "the price" of Labour's "economic mismanagement".

And then they suggest:
Prof Jagjit Chadha, who recently stepped down as the head of the National Institute for Economic and Social Research, claimed the economy was at risk of "collapse".

He said the financial situation was "as perilous the period leading up to the IMF loan of 1976", when Britain had to be bailed out by the global banking body.

He told the When the Facts Change Substack, written by the Telegraph columnist Liam Halligan: "I'm in a world in which I could imagine it [an IMF bailout] happening, and we'll be bereft in that case.

“We will not be able to roll over debt, we will not be able to meet pensions payments, benefits will be hard to pay out.”

So, an interview with an economist who very obviously does not understand the nature of money, the ability of a central bank to create it at will, and the fact that IMF bailouts can never be required in a country like the UK unless its politicians wish to ask for them to symbolise their own economic incompetence, has been spun by a journalist who leans to the far-right to suggest we are about to go cap-in-hand to Washington when quite clearly nothing could be further from the truth because there is quite literally no eventuality where the UK might ever need to do so.

I am aware that many people in the UK are living in fear.

I understand why they are living in fear.

They are not getting the economic justice they deserve. That is a fact.

And the reason for that is very obvious when you read articles like this. It is because the mantra of neoliberalism, when mixed with the nationalistic and paranoid anti-government jingoism of the right wing, creates situations where austerity is always the answer to every known question - which austerity is quite rightly what the people of this country fear most of all when they have witnessed its impact on them for the last 15 or more years.

Modern monetary theory does, of course, explain why all the claims noted in the Telegraph article are nonsense. We do, however, live in a country where politicians of all the major and most other political parties actively seek to deny the power they have to control, manage and proactively run the economy of this country for the benefit of the people living in it.

And that is the real crisis we face, which is why what I write about on this blog is so important. There are economic alternatives available to the UK. But first, we have to find politicians who might embrace them.

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

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