

Abandoning fiscal rules is the price of preserving demo...

Published: January 13, 2026, 4:12 am

Guardian journalist Helen Pidd, [asked](#), after attending the far-right rally in London at the weekend, a simple but wholly appropriate question:

When the far right becomes the mainstream right, what language do we have to describe what is happening?

She then asked:

How have conditions led to so many feeling unheard, frustrated and angry? Until the foundations of Britain are fixed – the NHS, schools, potholes, fuel prices – I can't see this movement doing anything other than growing.

That observation appears to be appropriate.

We know that the far-right thrives in conditions of economic and social neglect.

It recruits amongst those who are angry and fearful.

It feeds on the sense of abandonment that ordinary people feel when public services fail, wages stagnate, communities decay, and the political establishment appears deaf to their concerns.

If, as Helen Pidd also noted, potholes cannot be filled, NHS waiting lists spiral, and schools struggle to function, then voters conclude that “the system” does not work. In that vacuum, extremism finds it easy to win support.

The obvious conclusion to draw is clear: if we want to protect democracy, we must invest in its foundations. That means schools that work, hospitals that treat people on time, local services that do not collapse under the weight of austerity, and new affordable housing. It means rebuilding trust by showing that the government can deliver.

And this is where Labour’s self-imposed fiscal rules are a complete disaster. By clinging

to the household analogy - the idea that the government must “live within its means” - Labour has committed itself to underfunding the very things on which the future of democracy depends.

The reality is that Reeves’ rules ensure that when crises hit, investment cannot be made.

They guarantee that potholes will go unfilled, the NHS will remain underfunded, and teachers will struggle.

They promise more disillusionment, not less.

They are, then, the far-right’s very best recruiting sergeant.

This is all despite the fact that the UK government, with its own currency and central bank, is never constrained in the same way that a household is. It can always create the money to fund what is essential. The constraint is never financial, but rather a lack of resources, whether they be staff, equipment, energy, or raw materials. If those exist, then the government can and must act.

Fiscal rules pretend otherwise. They artificially bind our hands. They make inaction the default, even when action is desperately required. In doing so, they open the door for anger and for extremism to step in.

The question to ask is a simple one: do we want to spend now to secure democracy, or do we want to pay later in the form of realised political extremism, social division and the erosion of the best of the only system of government we have ever had that at least tries to represent people?

Labour must choose. It can cling to rules that serve City orthodoxy and neoliberal dogma. Or it can recognise that investing in Britain’s future is not optional: it is the price of keeping our democracy alive.

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.

Comments

When commenting, please take note of this blog's comment policy, [which is available here](#). **Contravening this policy will result in comments being deleted before or after initial publication at the editor's sole discretion and without explanation being required or offered.**