

Funding the Future

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Fiscal rules are not laws of economics. They are political straitjackets designed to stop change. Every Chancellor since Gordon Brown has used them to limit public spending, block climate action, and enforce permanent austerity. The result? A weaker NHS, failing schools, inadequate housing, stagnant wages, and rising inequality. It's time to abandon fiscal rules and rebuild democracy with fiscal freedom.

https://www.youtube.com/watch?v=Zk0F8eeL3Hk&si=bpadfe64m2_kV9KJ

This is the audio version:

https://www.podbean.com/player-v2/?i=ts3xu-195992d-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:

Fiscal rules stop everything. But they are beloved of Chancellors of the Exchequer in the UK and have been ever since Gordon Brown created the first one way back in the 1990s. Since then, every Chancellor, be they Labour or be they Tory, has committed themselves to a fiscal rule, and every single one of them has one objective, and that is to stop things happening.

So what are fiscal rules?

Fiscal rules are arbitrary limits on borrowing, debts and deficits imposed by a Chancellor on themselves in ways that they alone choose and which are not enforced

by markets and are not in accordance with any natural law or economic requirement.

They are presented as indications of economic responsibility or credibility. But in truth, they are nothing more than straitjackets that Chancellors put on democracy, and which they also deliberately put on their colleagues in the Cabinet to constrain what they are able to do, on behalf of you, on behalf of me, and on behalf of everyone else in the UK.

Both our main political parties have loved the idea of fiscal rules. Whether Reform will do so or not, we don't know as yet, but let's live in the moment. The reality is that Rachel Reeves, like all her predecessors, since the time of Gordon Brown, has chosen to set a fiscal rule for herself, and that fiscal rule is based upon the neoliberal orthodoxy of the 1990s, which Gordon Brown brought with him into office as Labour Chancellor of the Exchequer in 1997, and which have remained in place ever since.

The aim for the Tories has always been to shrink the state.

The aim for Labour has always been to appease markets and the media.

But the shared belief is that change must be impossible, because that's precisely what a fiscal rule is meant to represent.

It maintains the status quo.

It promotes the household analogy.

It presumes that the government doesn't create money.

It denies its responsibility for the fact that there is any government money at all in the economy.

And as a consequence, it prevents investment in public services.

It blocks climate action and anything to do with the green transition.

It embraces austerity.

It worsens inequality.

And it strips democratically elected cabinet ministers of any real power to do anything to affect real change in our society for the benefit of real people.

We live with the consequences of fiscal rules, and we can see them all around us.

We have a collapsing NHS.

We have schools that are not delivering education of the sort that we require because they haven't got the facilities to do so.

Housing is totally inadequate, and there are far too few homes in the state sector.

We have rising inequality.

We have real poverty, and that's growing too, especially amongst children.

We've had stagnant wages ever since we've had fiscal rules.

And we have insecure work for far too many people.

The consequence is very easy to see.

We have political despair.

We have anger.

And we have a situation where both are exploited by the far right. Fiscal rules have led us towards fascism. That's what neoliberalism has done.

And we have to break the straitjacket that fiscal rules are imposing.

We have to admit, as a result that fiscal rules are not necessary. They are just political choices.

We must have politicians that accept that government can create money and that there isn't a scarcity of money in our economy.

The only things that are scarce are people and resources.

And we have to prioritise investment in people and our planet.

The consequence is that if we did all those things, we could rebuild democracy through fiscal freedom at a time when it is fundamentally under threat.

The reality is that fiscal rules have effectively meant permanent austerity. That's certainly been the case since the 2008 global financial crisis. And without a change in fiscal rules, now nothing else is going to change at all either.

Real responsibility, the thing that Labour thinks it's proving by having a fiscal rule, would be recognising the truth and using money to serve society and recognising that the money in question is made by the government on behalf of society, and it has a duty to use it well.

Progress demands abandoning fiscal rules.

Challenging fascism demands that we abandon fiscal rules.

Delivering for people demands that we abandon fiscal rules.

They have long outlived their sell-by date. Fiscal rules have to be consigned to history.

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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