

Funding the Future

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The government says there's a "black hole" in the public finances — but the black hole is really in our hospitals, schools, and local councils, not the Treasury. The UK can never run out of money. What we've run out of is political courage.

Austerity was not fiscal responsibility. It was economic vandalism.

Britain is not broke. It's been broken by design.

<https://www.youtube.com/watch?v=XZhZzCOIHUw?si=9us8TWjvFilTUnaR>

This is the audio version:

https://www.podbean.com/player-v2/?i=mu32j-19b64a9-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:

The British economy has a hole at its heart, created by years of austerity and political denial.

Public services are crumbling. Investment is missing, and living standards have stagnated. Yet the government insists that the problem is a lack of money, when in fact it's a lack of courage. The so-called 'black hole' in the public finances is a myth used to justify failure.

The black hole is not in the Treasury's accounts but is to be seen in our hospitals, schools, and local councils. Underinvestment has left the country poorer, sicker, and less secure. The black hole is in our social fabric and not in the Treasury spreadsheets. Decades of cuts have created scarcity where there should be abundance.

Governments that issue their own currency cannot run out of money; that's the fact that the Treasury ignores every time that they claim there's a black hole. We cannot have a black hole in the UK because there is always enough money for us to pay our bills, so long as Parliament has approved that payment in advance.

The constraint that exists within our economy is about real resources: people, physical resources, ability, and not cash in the bank. When politicians claim there is no money left, they are lying or ignorant. Those are the only two choices we have to make about what they're saying. Fiscal fear, though, is used to silence public ambition.

This narrative was created deliberately. Austerity was sold as responsibility, but in fact, it is plain, straightforward economic vandalism. The media has echoed the Treasury's household budget analogy, parrot fashion, day in, day out, talking about maxed-out credit cards and other utterly meaningless things .

The result of that moral failing is that the nation is poorer than it needs to be, and that's what our media should be talking about.

What the black hole hides is the fact that the wealth of the few is still growing, but that wealth growth is hiding the insecurity of most people in this country. This myth disguises choice as necessity, pretending that injustice is inevitable. And at the same time, the myth shifts the blame from the government to the governed. It keeps power in the hands of those who benefit from scarcity, and it punishes everyone else.

But there is a fix that's available. The government could find the money to invest, and I've shown how to in my Taxing Wealth Report, amongst many other articles that I have written. The government could find hundreds of billions of pounds by redirecting savings into constructive capital or by taxing the wealthy more. And although it doesn't need that money to spend, it does need to balance the consequences of that spending, and that's why the programmes I suggest are important. And with the money that it could raise to balance the consequences of that spending, it could invest in people, it could invest in care and housing and green infrastructure, and education. In other words, all the things that we need to really grow in ways that aren't just about increasing the wealth of the wealthy, but about increasing the well-being of everyone.

We could use fiscal capacity to rebuild public services and social trust.

We could tax the wealthy to control inflation and rebalance the economy.

We could end the pretence that the national debt is a moral problem when it is

anything but that, because it's just a savings account.

This is what a courageous government would do.

Courage means telling the truth. The truth about the government creating money when it spends, and it would mean admitting that austerity was always a choice and not a necessity. In other words, saying the government got it wrong in the past. That is what courage looks like. Admitting mistakes is something that only the courageous do.

And the courageous would use fiscal power to serve the public good and not private wealth, which is what is happening now. And that would mean the end of the politics of fear that is actually keeping Britain small.

The real black hole in our economy and in our politics is the same. It's the void where political honesty should be. Britain is not broke. It's been broken by design. We can fill the black hole in our politics and in our economy with truth, courage, and care. The money is there. The money is there for whatever it is that we can do. What's missing is the will to use it well.

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

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