

Funding the Future

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There are days when I genuinely wonder what parts of the left think the state is for.

The capacity to create money is the most fundamental power any modern government possesses. It is the basis of its authority. But most importantly, money creation is how the resources to pay for the essential fabric of society, whether they be health, education, care, energy, infrastructure, or more, are mobilised. It is the very foundation of democratic economic choice.

And yet, as is apparent from debate here, swathes of the political left refuse to acknowledge this. They deny the reality that the UK government, like every government with its own central bank and free-floating currency, spends by creating new money, and always has. They cling to the fiction that the state must first tax or borrow before it can act.

Why? Let me suggest the reasons.

First, many on the supposed left have internalised neoliberal ideology. They have swallowed whole the myths crafted to constrain democracy: that governments “must live within their means”, that “the markets” decide what is possible, and that public purpose must bend to private confidence. They confuse households, who really do have financial constraints, with the state, which has the legal authority to create the currency we all rely upon.

Second, some on the left reduce everything to class struggle alone. Power, they say, is all that matters. Understanding the plumbing of money is seen as technocratic, and technocracy is the enemy. The irony, of course, is that they grant the finance sector unchallenged power precisely because they won’t understand how the system works.

Third, scarcity suits their politics. When money is claimed to be scarce, the left can pose as noble defenders of whatever is available. Scarcity demands tough decisions; tough decisions demand heroic gatekeepers. Abundance threatens that role. If we admit the state can always afford to employ the willing to meet social need, their drama is over.

Fourth, credibility politics rules. Too many fear appearing unserious to the guardians of economic orthodoxy, whether they be the media, the think tanks, or those within the shadowy world of Treasury orthodoxy. Better, they think, to manage decline respectably than to advocate the truth impolitely.

All these positions share one common thread, which is fear, including the fear of being mocked, the fear of responsibility and the fear that if the government can act, people might start demanding that it must because once it is accepted that governments create money when they spend, then:

- * Unemployment is a choice
- * Austerity is a choice
- * Poverty is a choice
- * Failing public services are a choice, and
- * Climate breakdown by inaction is a choice

No government can claim “we can’t afford it” ever again. The resources to address these failures can always be assembled if the state so chooses. They can only admit “we will not choose it.”

So what do these parts of the left think the state is for if not to deploy its sovereign monetary power for the common good? Their answer implies a bleak vision. It seems that they think the state is, at most, just a household with a flag:

- * It must beg from the markets.
 - * It must prioritise private wealth over public well-being.
 - * It must deliver balanced budgets even if that means broken lives.
 - * It must be the administrator of scarcity, not the organiser of possibility.
- This is not socialism.

It is not social democracy.

It is capitulation dressed as prudence.

What would change if the left faced monetary reality?

Everything.

We could invest in the energy transition at the scale required.

We could pay carers and nurses decently.

We could have the education that would liberate people to live life to the full.

We could guarantee full employment as a matter of economic design, not wishful thinking.

We could direct the economy to meet needs, and not serve rentiers.

We could build a state that cares.

And all without asking permission from the City.

Money is not the constraint.

Real resources, whether they be people, skills, energy, technology, or materials, are.

Those are the things we must steward wisely, and the power of the money creation in combination with wise taxation lets the state do just that.

The irony is that modern monetary theory does not ask the left to believe in anything new. It simply asks them to recognise the world we actually live in.

And then to take responsibility for what that makes possible.

Politics is the art of deciding what we will do with the power we undeniably possess.

It is time the left stopped denying that power. It is time they used it.

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