

## Condemning ourselves to decline

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Phillip Inman's column in the [Guardian on Saturday](#) made a familiar argument. "Don't be fooled by recent good news", he said. "The UK economy is still in a precarious state."

His claim was that although tax receipts and retail sales are rising and inflation is falling, the UK economy remains fragile. He suggests as a result that calls for more spending are "unaffordable" and that fiscal caution is still required.

I am not persuaded. This is the usual neoliberal nonsense that economic hacks always roll out, and Phillip Inman has long been one. And it matters what people like him say, because arguments like this shape public understanding of what governments can and cannot do.

The flaws should be obvious.

First, the analysis assumes that government finances are like household finances. They are not, [as I explain in this morning's video](#). The UK government is the monopoly issuer of sterling. It does not need to "find" money before it spends. It spends first, taxes later, and issues bonds to provide savings facilities and control interest rates. The claim that spending is "unaffordable" is therefore a political choice, not an economic fact.

Second, the Phillip (to whom, I should say, I have spoken many times and met) treats borrowing as inherently dangerous. That misunderstands the purpose of government borrowing. Public borrowing is simply the mirror image of private sector saving. That is what the sectoral balances make clear, [as I also explain in this morning's video](#). If the government cuts spending when households and businesses are cautious, demand collapses. The result is stagnation, exactly what Britain has endured for 15 years.

Third, the column misreads the source of recent tax receipts. The Guardian itself notes that January's strong revenues were at least in part driven by capital gains, which are often one-off events. But the real question is not whether receipts are temporary. It is why the UK tax base is so narrow that windfalls matter at all. The answer lies in decades of tax cuts for wealth, tolerance of tax avoidance, and the growth of rentier

income that escapes normal rates of taxation.

Fourth, the argument ignores the real constraint on government spending. It is not money. It is resources, whether they be labour, skills, energy, raw materials, land, or technology. Britain's problem is not that it spends too much. It is that it invests too little. We have underfunded housing, energy infrastructure, education, health care, and local government for years.

And fifth, the column repeats the neoliberal framing that has failed Britain since 2010. We were told austerity would restore growth. Instead, we got stagnation, crumbling infrastructure, declining public services, and rising inequality.

Those are not abstract issues. They have consequences.

First, underinvestment reduces productivity. If you do not build railways, insulate homes, train workers, or fund research, growth will not appear by magic.

Second, austerity erodes social security. When local councils cut services and benefits fail to keep pace with prices, insecurity spreads. People become angry, and that anger fuels the far right, a theme I have discussed often on this blog.

Third, inequality widens. Wealth accumulates in property and financial assets, while wages stagnate. Tax systems that favour capital gains over earned income reinforce this trend.

Fourth, democratic trust collapses. If governments claim they cannot afford decent public services while billions appear for banks, defence contracts, or tax cuts, people conclude — rightly — that politics serves the powerful.

And fifth, climate transition stalls. Britain cannot decarbonise without massive public investment in energy, housing, transport, and industry. Fiscal timidity is ecological irresponsibility.

So what should we conclude?

First, we need honesty about money. Government spending is constrained by resources, not by arbitrary fiscal rules. We [must abandon the household analogy](#) and the myth of the “taxpayer’s money” funding spending.

Second, we need a programme of public investment. Housing, green energy, transport, health care, education, and social care all require sustained funding. That spending will create jobs, raise productivity, and improve well-being.

Third, we must reform taxation. Wealth, land, and excess corporate profits must be taxed properly. Tax havens and secrecy jurisdictions must be tackled. Banks should report corporate account data to HMRC to ensure that the estimated 40% of all small

companies not paying their corporation tax at present do so simply because they can be identified as trading. Directors should be liable when companies disappear with unpaid tax. Those are proposals I have already set out.

Fourth, fiscal policy must support a politics of care. No one should be cold, homeless, untreated, or without education because of an accounting convention. Social security is not a luxury. It is a foundation of a civilised society.

And finally, we need a new narrative about the economy. Britain is not poor. It is mismanaged. We have enough resources, skills, and technology to provide well-being for all. What we lack is the political will to deliver that.

Phillip Inman is right about one thing. The UK economy is precarious. But he is not right about why. There, he is a long way from the mark. We are not in a precarious position because we spend too much. We are precarious because we refuse to spend where it matters.

Until that changes, we will keep mistaking accounting rules for economic reality and so condemn ourselves to decline.