

Why good economics can feel wrong

Published: March 1, 2026, 7:53 am

People often ask me why the work we do on this channel and on the Funding the Future blog is so hard to follow. It is not because the economics is complicated. It is because what we say is counterintuitive.

We have all been taught a story about money. We are told governments must behave like households, must balance their books, must cut spending on public services and social security because “there is no money left”. That story feels familiar. It feels safe. And it is wrong.

In this video, I explain why good economics often feels uncomfortable. We are challenging ideas that politicians, journalists and economists have repeated for decades. When we explain that government is different because it issues money, that private saving requires government deficits, and that austerity is a political choice, people understandably hesitate. The problem is psychological, not technical.

That is why we repeat ourselves. New viewers arrive every day. Myths repeated for forty years do not disappear after one video. And if we want a politics of care and an economics of hope, based on proper accounting and honest debate about public services and social security, we have to keep telling the truth about money.

Bad economics has consequences. It leads to austerity, a failing NHS, broken local government and rising inequality. It pushes people towards the far right because they think nothing works. That is why this work matters, and why persistence matters.

If you value clear explanations of government finance, tax and the real economy, please subscribe to the channel, share this video and help spread the word. Change only happens when people challenge the myths they have been taught.

This is the audio version:

<https://www.youtube.com/watch?v=tuWynIUjgy8?si=40a0zFjBLWaQRXkQ>

This is the transcript:

https://www.podbean.com/player-v2/?i=xp5cz-1a59df6-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

People often ask me why what we do on this channel and on my Funding the Future blog, which you should be reading, is so hard and I want to explain that because it isn't because the economics I talk about is so complicated. It's because what we say is so counterintuitive. We are challenging ideas people have been taught all their lives, and that I admit, makes what we say difficult.

Let me be clear. I know I can write, I know I can talk to camera, but that part is not difficult about what we do. What is difficult is this. We are saying that most people's understanding of government financing is wrong, and that is, of course, uncomfortable.

So what's the big misunderstanding?

People imagine the economy is made up of individual units, households, businesses, councils, and governments, and they think they all behave the same, but they don't. Government is fundamentally different from the rest.

Why is the government different? The government is different because it issues money. It taxes to control inflation. It never disappears, and its obligations carry on across generations and, in the history of the UK, it has never defaulted since, well, so long ago let's not bother about thinking about it because we're talking about a thousand years or more.

In the UK, we've had continuous government for that long.

We've had continuous national debt since the 1690s, and we've always paid it.

So the government cannot be analysed like a household because none of those things holds true, of course, for any household or any person you know; yet the myth of the household dominates politics and journalism.

So what I talk about is the accounting reality of our economy, and when doing so, I often talk about the hard bit of accounting, which is the balance sheet, which is the bit that most people have some difficulty in understanding, which just makes our task all the harder.

What that analysis shows is in our economy, if households and firms save, someone else must spend.

And if the private sector runs a surplus, the government has to run a deficit.

And by surplus, I mean saving, and therefore, private saving must equal a government deficit; otherwise, the equation doesn't balance because, in accounting, and this is important, credits and debits always match.

And so there must be for every saver, a borrower and every borrower a saver. This is accounting truth, but most of economics ignores it, and that's why we end up with the stupid myths that economists, politicians, and journalists all talk about.

What this means is that the government is the mirror image of the private sector. That is just basic accounting, but it overturns just about everything in mainstream economics.

So why is this so hard to accept after all? It's not technically difficult, but it is psychologically difficult, and that's because we have been taught the household analogy all our lives. Politicians repeat it. Journalists repeat it. Economists teach it, so when we challenge it, people think that people like me must be wrong, but we aren't. Of course, we're not.

What we challenge is the politics, which is convenient, which is based upon this myth, and we do so by explaining the accounting.

What we're proposing as a consequence is a new politics. A politics of care, a politics for people and an economics of hope. Basing these ideas on proper accounting and the economics of the real world, we can show that, well, austerity is a choice. Underfunded public services are always a choice, and cuts to social security are just something that politicians want to do, and not something that they have to do. Necessity does not come into it. And that threatens those in power who want to do these things and want to justify them by claiming they have no choice when the truth is that they have.

Taking all that into account, we as a team recently mapped 50 organisations talking about economics, modern monetary theory, politics, and other issues that we touch upon when we do our work. We looked at them to see how they organise themselves around these issues and what they try to do in creating narratives.

Now, what we discovered is that there are three things that we all share in common. We all vie for attention because we want people to watch our channels. We all vie for

legitimacy because we want people to believe our explanations, and some of us tried to create hope. Most of the organisations we looked at did one or two of these things. We try to do all three. That is why what we do, we discover, is harder than that thing which most other organisations like us do, because most of them don't try to create hope.

If you look at most economics books, you'll see why this is the case. Most economics books are full of explanations of everything that has gone wrong and the theory around it, but very few of them include very much detail on how the world could be made a better place, and if they do, well, it's a few pages at the end.

At least half of our output is on what can make the world a better place, and that's why, apparently, what we are doing is harder than average.

And that's why perhaps you, the viewer, also might find it harder than average.

I know we're challenging you, but I think that's worthwhile, and let's just do a few comparisons.

For example, most think tanks offer technical reports, but little narrative about change. They seek attention and legitimacy, all right, but few of them offer hope, including even things like The New Economics Foundation, which you would think would do that, and yet it doesn't appear to do so.

There are other organisations we compared ourselves with, including those who advocate for MMT - modern monetary theory - but they do so based on technicalities, and very few of them actually touch upon the wider political economy issues that MMT can give rise to.

Whilst political channels talk about values, they generally lack fiscal expertise.

We try to combine rigorous analysis on these three topics: economics, accounting, and tax, and then we try to join the dots to create a political economy narrative. And from there, we offer a politics of care and an economics of hope. Now that is ambitious but necessary, and we are going where others won't.

Why then do we repeat ourselves so often? Because we need to, is the answer we've got.

In fact, we are being told that we don't repeat ourselves enough when doing our work, either here or on my blog. The reason why is that the things we talk about are hard to understand.

You don't get the household budget analogy myth the first time that you hear it.

You don't understand the way in which money is created the first time you hear it.

And we get new audiences every day anyway on these channels, and therefore we need to repeat ourselves.

So, apparently, we need to make more YouTube shorts, more Instagram reels or whatever they're called, more TikTok videos, and we need to do so on our core messages with increased clarity.

So if you begin to see more of our materials coming out in that way, this is why.

And this matters because the stakes are enormous, because bad economics leads to:

austerity,

a failing NHS,

broken local government, and

rising inequality.

It also leads people to the far right because they think nothing works.

And that is why, as I say, we think our message matters, and that's why we're going to repeat things, because people have to understand that there are better choices available, and that's, at its core, why I do this work, why I look into this camera so often, why I talk to you, why I write.

The real conclusion is that what we're trying to do is hard because we are challenging a story that protects power, and we want to challenge that power. And we have to persist.

We must do so because we have to repeat our challenge to core ideas.

We have to keep explaining what a politics of care is and explain government finance, honestly, because people don't understand it, whilst defending social security and public services and demanding democratic accountability.

So, I have a simple question for you: are you happy to hear me repeat myself?

Do you think we should be doing so?

Do you agree that this is important?

And this question is the most important of all in this whole video: will you help share these ideas?

Will you literally subscribe to this channel?

Will you tick the like button?

Will you share this video or this podcast if you are hearing it that way, because change only happens when people share the message?

My point is, the economics of hope does exist. We can talk about it. But it only exists if we tell the truth about money, government, and care. That is what this channel, that is what Funding the Future is all about, but sometimes delivering on that goal is hard. Your assistance will make it easier.

Please, will you lend a hand?

Will you literally share what we do?

There's a poll down below. Let us know. We'd love to know what you want from us and whether you are willing to help.

Poll

[poll id="336"]