

# funding the future



THE RICHARD J MURPHY YOUTUBE CHANNEL

DEBATE AMMUNITION

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## TODAY'S TOPIC

The Coming Crisis: What the Government Must Do Now

## THE CORE ARGUMENT

The UK is facing an economic and social crisis on a scale quite possibly not seen since the 1940s. Most people seem unaware of this. Our politicians are in denial, as are markets, but the signs of impending major economic breakdown are clearly there to be seen by anyone willing to look. We're heading for a meltdown.

Donald Trump's war on Iran is going to create that. The continuing effective closure of the Strait of Hormuz is creating an unprecedented physical supply crisis involving a shortage of real goods such as oil gas and food, and as a result this coming crisis is going to be fundamentally different from the financial crisis of 2008 or the medical crisis of 2020.

The tools that worked then, such as quantitative easing, interest rate cuts, and market stimulus cannot produce oil, food, or fertiliser when these are literally not going to be available, and reaching for those tools again as this year develops would be a catastrophic error.

The government must act immediately with price controls, rationing, conditional banking support, business rescue systems, social security reform, and higher taxes on those with the capacity to pay. It needs to plan deployment of the full wartime toolkit now, before the crisis arrives.

**KEY STATISTICS**

Statistic	Figure	Source / note
Estimated potential fall in world food supplies (citing Steve Keen)	20%	Script — described as a possible magnitude; Richard notes UK impact ‘might not be as bad as that’ but shortages are certain
Estimated scale of oil and energy supply shortage	~20%	Script — Richard’s own estimate, described as ‘another good estimate’ for the order of magnitude of energy shortfalls
Current UK unemployment rate at the time of recording	5%	Script — stated directly; Richard warns it ‘will get very much worse’ as businesses fail or cut costs
Universal Credit initial waiting period before first payment	5 weeks	Script — cited as evidence that the existing social security system is ‘not a crisis management instrument’

**THE ARGUMENT STRUCTURE**

**Step 1 — This crisis is categorically different from 2008 and 2020:**

In 2008, the crisis was in bank balance sheets; money and quantitative easing could address it. In 2020, it was medical. But this time, physical goods such as oil, gas, food, fertiliser, will simply not be available. No monetary tool can unload container ships, pump oil, or reopen supply chains. A government that reaches for the wrong toolkit will make the crisis significantly worse.

**Step 2 — Inflation this time requires direct intervention, not rate rises:**

The coming inflation we are bound to suffer will be cost-push, driven by resource scarcity. Raising interest rates in this context will deepen recession without addressing supply. In that case, the Bank of England must be told now

to hold or cut rates. At the same time price controls and rationing, as used successfully in the Second World War, are the correct instruments to control essential supplies. Without them, the market will ration by income: the rich will consume; the poor will go without.

**Step 3 — Banks, businesses, and households all need conditional support — on the public’s terms:**

Resource shortages will cause business failures, which will create bad debts that could bring down banks. That will be happening simultaneously with a mortgage debt crisis. If public money rescues private banks, the public must receive equity in return, at crisis valuations. The 2008 lesson is clear: unconditional bailouts reward failure. Viable businesses should receive emergency credit; failed ones should not be saved. Mortgage payment freezes, rent freezes, and eviction moratoriums are essential to keep households solvent.

**Step 4 — The government can afford to act: the risk is political failure, not insolvency:**

The UK is monetarily sovereign and cannot run out of money. Keynes understood this in 1940 when he planned wartime finance through windfall taxes on energy profits, higher taxes on income and wealth gains, and crisis bonds. The purpose of tax rises in this context is not revenue but withdrawing purchasing power from those who would otherwise outbid those with limited resources. The real fiscal irresponsibility would be inaction.

**THEIR ARGUMENT → YOUR REBUTTAL**

They Say	Your Response
“The market will sort this out. Supply disruptions are temporary; prices will adjust and supply will follow.”	This is a physical resource shortage, not a financial one. You cannot adjust interest rates or inject liquidity and expect to get more oil, gas, fertiliser, or food. The market rationing mechanism in a shortage of this magnitude allocates by income: the rich carry on consuming; the poor go without. That is both

	<p>unjust and socially destabilising. The lesson of wartime is that price controls and rationing are the correct tools — not market signals.</p>
<p>“Raising interest rates is the right response to rising inflation, whatever its cause.”</p>	<p>This inflation is cost-push, driven by resource scarcity, not excess consumer spending. Higher interest rates cannot bring more oil to market or fill gaps in food supply. Rate rises in this context would deepen the recession without addressing any of the underlying problems and would transfer additional costs onto mortgage borrowers and indebted households at precisely the moment they can least afford it.</p>
<p>“The government cannot afford to intervene at this scale. We have to be fiscally responsible.”</p>	<p>The UK is monetarily sovereign. The government cannot run out of money. Keynes understood that in 1940 and it is as true today. The real risk is not government insolvency but political failure to deploy available capacity at the scale required. Inaction is the fiscally irresponsible choice: the cost of not acting in terms of poverty, ill health, and long-term labour market detachment will far exceed the cost of acting.</p>
<p>“Nationalisation and state intervention are ideological, not practical. We should avoid them.”</p>	<p>Nationalisation of banks or strategic industries in this context is practical crisis management, not ideology. If banks cannot manage themselves, they should be under state control. If public money supports private banks, the public must receive a proportionate ownership stake in return, valued at crisis rates. The 2008 model of unconditional bailouts rewarded failure and transferred risk to taxpayers. That cannot happen again.</p>

**THE ONE-LINER**

“You cannot adjust interest rates and expect to get more oil — this is a physical supply crisis, and a government that reaches for the wrong toolkit will make it catastrophically worse.”

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**FURTHER READING — FUNDING THE FUTURE BLOG**

Post	Date	What it covers
<a href="#">Do tax havens still matter?</a>	14 June 2025	The offshore structures that enable capital flight will come under acute pressure in a supply crisis — directly relevant to the taxation and windfall profit arguments made here.
<a href="#">It’s austerity from Reeves</a>	11 June 2025	Documents the fiscal framework that Richard argues must not be allowed to become a justification for inaction during the crisis.
<a href="#">Fiscal rules are as flexible as rubber bands</a>	14 July 2025	Establishes why fiscal rules are political devices, not economic laws — the foundation for Richard’s argument that monetary sovereignty means the government can afford to act.
<a href="#">Why fiscal rules stop change</a>	8 September 2025	Shows how the language of fiscal responsibility has historically been used to prevent exactly the kind of large-scale intervention this crisis requires.

<a href="#">All forecasts are wrong</a>	18 September 2025	Relevant to the uncertainty around the scale of supply disruption — and why waiting for precise forecasts before acting is itself a form of policy failure.
<a href="#">Is it time to abolish the OBR?</a>	4 December 2025	The OBR’s role in enforcing fiscal constraints is directly relevant to Richard’s argument that technocratic institutions must not be allowed to block crisis response.

**ABOUT RICHARD MURPHY**

Richard Murphy is a political economist, emeritus professor of accounting practice at Sheffield University Management School, a former professor of international political economy and, for 42 years, a practising chartered accountant. As a tax justice campaigner, he created country-by-country reporting which is now legally required for multinational corporations’ tax reporting in more than 70 countries around the world to tackle tax haven abuse. He is one of the UK’s most widely read heterodox economics bloggers. He is the author of the Funding the Future blog and runs the Richard J Murphy YouTube channel, which has more than 365,000 subscribers. He co-founded both the Tax Justice Network and the Green New Deal.

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