

Debate Ammunition: Can Andy Burnham Change Britain Under

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THE RICHARD J MURPHY YOUTUBE CHANNEL

DEBATE AMMUNITION

Can Andy Burnham Change Britain Under OBR Rules?

Funding the Future | July 2026

Topic

Whether any government, and Andy Burnham's in particular, can transform Britain while accepting the neoliberal fiscal framework imposed by the Office for Budget Responsibility.

The video that this Debate Ammunition supports [is available here](#).

The Core Argument

The Office for Budget Responsibility was created by George Osborne in 2010 not as a neutral watchdog but as a political instrument designed to entrench neoliberal economics in the UK Treasury and to shrink the size of the state.

The OBR's 2026 fiscal sustainability report prescribes the same medicine that has failed Britain for fifteen years: less spending, higher taxes on ordinary people, cuts to pensions, and year-on-year austerity.

No Prime Minister, however talented, can transform Britain by accepting rules built on the false premise that government spending is constrained by money rather than by the real resources of people, skills and productive capacity.

The interest cost of government debt is not fixed: a Chancellor can instruct the Bank of

England to cut the base rate and stop paying interest on central bank reserve balances, reducing borrowing costs immediately without breaching any real economic limit.

Britain has unemployed people who want to work, unused skills, idle productive capacity and untapped energy. Money can organise those resources. The OBR's rules prevent this from happening by treating money as scarce when, for a currency-issuing government, it never is.

Key Statistics

Statistic

Figure

UK government debt as share of GDP at time of OBR 2026 report

Approaching 100%

Japanese government debt as share of GDP, cited as counter-evidence

Well over 200%

The Argument Structure

Step 1 — The OBR is a political creation, not an independent authority:

George Osborne established the Office for Budget Responsibility in 2010 for two purposes: to present the incoming Conservative government as more fiscally responsible than Labour, and to create an institution that would permanently constrain what governments could claim to afford. The OBR has been executing that brief ever since.

Step 2 — The OBR's 2026 prescription is simply austerity relabelled:

Citing rising debt, an ageing population, higher defence costs and increasing interest payments, the OBR demands fiscal tightening before 2030, or it thinks the debt unsustainable. Its remedies are reduced public spending, higher taxes on ordinary people, pressure on pensions including the triple lock, and cuts to the NHS. This is the

neoliberal playbook in plain print.

Step 3 — Interest costs are not a fixed constraint:

The OBR treats the cost of government debt as an unalterable fact. It is not. The Chancellor can direct the Bank of England to cut the base rate. The government can stop paying interest on central bank reserve account balances held by commercial banks at the Bank of England. These steps alone could cut borrowing costs by 25% or more, negating the OBR's core fiscal alarm.

Step 4 — Real resources, not money, are the true constraint:

Britain has people who want to work and are not working. It has skills that are not being applied and productive capacity that is sitting idle. Money can organise all these things into economic activity, growth and tax revenue, but only if the government uses it. The OBR's rules prevent this by insisting that money is scarce for government when, as a matter of operational fact, it is not. Government creates money: that fact is even printed on the bank notes.

Their Argument → Your Rebuttal

They Say

Your Response

The national debt is becoming unsustainable and must be brought under control before it overwhelms public finances.

Japan has carried government debt at more than 200% of GDP for years. UK debt has not yet reached 100% of GDP.

The question that matters is not the quantity of debt but its cost, and the cost of debt is the interest rate.

The interest rate is not fixed by some external force. It is set by the Bank of England at the instruction of government. A Chancellor who chooses to cut the base rate and to stop paying interest on commercial banks' reserve balances at the Bank of England can reduce the cost of existing debt substantially and immediately. The OBR's analysis ignores this lever entirely.

Fiscal rules are necessary to reassure the bond markets and prevent a Liz Truss-style crisis.

The Truss episode involved unfunded tax cuts announced without prior warning and without any credible account of the economic consequences, that coincided with the onset of quantitative tightening by the Bank of England. That is not the same as a government that transparently chooses to organise its unused real resources through public spending.

Bond market anxiety is a reaction to uncertainty, not to spending itself. A government that clearly communicates what it is buying, why the real resources exist to deliver it, and how any inflationary pressure will be managed is not in the same position as Truss.

Treating bond market sentiment as a constitutional constraint on democratic government is itself the problem, not the solution.

Higher government debt means higher interest payments, leaving less money for public services.

This argument assumes both that the interest rate is fixed and that money raised by taxation is the only source from which interest can be paid. Neither assumption is correct.

Interest rate changes are generally internationally led, and pay little attention to individual government's actions.

The government creates money. Interest on government debt is paid by creating money, just as any other government expenditure is. The real question is whether payment of that interest causes inflation, and the answer depends on whether the economy has unused capacity to absorb additional spending.

When workers are unemployed and productive capacity is idle, it does not.

Andy Burnham can work within the fiscal rules while still investing in public services and communities.

Fiscal rules exist precisely to limit what governments can spend. If they did not have that effect, they would have no purpose.

Burnham has proposed public ownership, reindustrialisation, mass social housing and regional devolution. None of these is cheap. He has not, however, proposed new tax powers and no wealth taxes of scale. He has committed to keeping Rachel Reeves's fiscal rules.

The arithmetic does not work. A productive state cannot be built on a fiscal framework designed to limit state activity. That is not a question of leadership quality; it is a question of economic logic.

The One-Liners

“No Prime Minister can rebuild Britain on rules designed to prevent Britain from being rebuilt.”

“The OBR was George Osborne's greatest political achievement: austerity was written into the constitution.”

“Britain has the people, the skills and the capacity it needs. The only thing missing is a government willing to use them.”

“The interest rate is not a law of nature. It is a decision. A Chancellor who forgets that is governing with one hand tied behind their back.”

“If money were truly scarce for the government, the Bank of England would occasionally fail to settle a payment. It never has.”

Questions to Ask

If fiscal rules are about economic reality, why does Japan function with government debt exceeding 200% of GDP?

Which specific real resources are unavailable to deliver the investment Britain needs, and which are merely assumed to be unaffordable?

If the Chancellor can reduce the interest rate and stop paying interest on reserve account balances, why is the cost of debt treated as fixed and uncontrollable?

How does accepting the OBR's fiscal framework differ in practice from accepting the Conservative economic settlement that created the problems Burnham says he wants to solve?

Further Reading

Post

Date

What it covers

[The OBR says we're in a mess, but has none of the solutions to the problems it identifies](#)

9 Jul 2025

Directly analyses the OBR's own 2025 fiscal sustainability report, arguing decades of neoliberal policy rather than borrowing are the real threat to public finances.

[Is it time to abolish the OBR?](#)

4 Dec 2025

Makes the case that the OBR was designed to remove democratic control over fiscal policy and enforce austerity in the interests of the City rather than the public.

[Andy Burnham's economics will not work](#)

19 May 2026

Examines the contradictions in Burnham's programme: ambitious spending commitments combined with unchanged fiscal rules and no serious tax reform.

[Andy Burnham vs the bond markets: who really runs Britain?](#)

27 Sep 2025

Unpacks the claim that bond markets must approve government spending decisions and explains why a currency-issuing government is not in that position.

[Does Burnham understand economics?](#)

30 Jun 2026

Shows that Burnham's fiscal rule commitments are arithmetically incompatible with his stated ambitions for housing, devolution, and industrial investment.