

Debate Ammunition: Money Is Not the Constraint

Published: July 5, 2026, 6:07 am

THE RICHARD J MURPHY YOUTUBE CHANNEL

DEBATE AMMUNITION

Money Is Not the Constraint: The Real Resource Argument

Funding the Future | July 2026

Topic

Why real resources, not money, are the true limit on what government can do.

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

The Core Argument

Government spending is limited by the availability of real resources, that is skilled people, materials and productive capacity, and never by the availability of money.

Cancelling one programme to pay for another, as Keir Starmer has proposed with roads to pay for defence, only makes sense if you wrongly believe money itself is scarce.

The correct response is to use new money to employ whatever real capacity is unused, without sacrificing other useful work.

Key Statistics

Statistic

Figure

Source

New defence spending promised by Keir Starmer

£15 billion

Stated in video

Amount left unfunded even after cancelling road and energy schemes

£5 billion

Stated in video

The Argument Structure

Step 1 — MMT already describes reality:

Every pound of government spending is created by the Bank of England when the government spends, and tax withdraws money from circulation afterwards. This is not a proposal; it is how the UK economy already operates.

Step 2 — The Starmer example exposes the fallacy:

Cancelling road, energy and other schemes to part fund £15 billion of new defence spending, while still leaving £5 billion unfunded, assumes money is the scarce ingredient. It is not; the workers freed from road schemes cannot simply become defence engineers.

Step 3 — Skills are not fungible, resources are the real constraint:

Civil and mechanical engineers are not aerospace and electrical engineers. The money supply does not create new engineers, missile or soldier overnight; only real capacity does that, and that capacity is what government must manage.

Step 4 — The correct policy response:

Employ the aerospace and electrical engineers needed for defence with new money,

and leave the road and transport workforce in place, because making people redundant to chase a false financial saving destroys tax revenue, adds to welfare costs and weakens the economy overall.

Their Argument → Your Rebuttal

They Say

Your Response

Government still has to fund spending through tax or borrowing; otherwise, it is just printing money and stoking inflation.

The Bank of England already creates the money the moment the government spends; that is a simple operational fact, not a proposal.

The real question is never how spending is funded; it is whether the real resources exist to deliver what has been bought.

Ask where the inflation is meant to come from if the engineers, materials and capacity are sitting idle.

This is just an excuse for unlimited government spending with no discipline attached.

The discipline is real resources, not an arbitrary balance sheet target. Spend up to the point where labour, skills and capacity are fully used and stop there, because that is where inflation risk begins. That is a harder, more honest constraint than a fiscal rule invented in the Treasury.

Workers can simply retrain; engineers are engineers.

Civil and mechanical engineers who build roads do not become aerospace and electrical engineers overnight. Those are different disciplines with different training pipelines running to years, not weeks. Treating skilled trades as interchangeable is the fantasy

here, not the argument against it.

Bond markets will punish a government that ignores conventional fiscal rules.

That is a claim about market sentiment, not about resource availability, and the two should not be confused. A government that issues its own currency is not revenue constrained the way a household is; the question that matters is whether the workforce and materials exist to do the job, not whether gilt traders approve of the announcement.

The One-Liners

“Money is never the constraint on what Britain can build; skills, people and time are.”

“You cannot buy an aerospace engineer by sacking a road engineer.”

“MMT is not permission to spend without limit, it is a demand to spend on what we actually have the people to do.”

“Doubling the money supply overnight would not build a single missile.”

“Treat money as the constraint and you end up sacking the workers you will need tomorrow.”

Further Reading

Post

Date

What it covers

[MMT, and the lessons of war](#)

13 Mar 2026

Applies the same real-resource argument directly to defence spending, the exact terrain of this video.

[MMT v neoliberalism: there is only one winner](#)

15 Apr 2026

Sets out why money is not a constraint on government action when real resources exist to meet the goal.

[Modern Monetary Theory, mythology and a glossary update](#)

26 Nov 2025

Corrects common misreadings of MMT, including the myth that it means unlimited spending.

[MMT is not theory: it's fact](#)

19 Jan 2026

Explains why MMT describes how the system already works, including why tax does not fund spending.

[Richard Murphy's View on Modern Monetary Theory](#)

16 May 2026

A concise statement of the productive-capacity constraint: labour, skills, energy, materials and ecological limits.

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 375,000 subscribers. He co-founded both the Tax Justice Network and the Green New Deal.

You Can Find Richard At:

Blog, [Funding the Future blog](#)

Twitter/X, [@richardjmurphy](#)

Bluesky, [@richardjmurphy.bsky.social](#)

YouTube, [Richard J Murphy YouTube channel](#)

Publishing Data

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