Debate Ammunition: Six Crises, One Failed Framework

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THE RICHARD J MURPHY YOUTUBE CHANNEL

DEBATE AMMUNITION

Six Crises, One Failed Framework:

What Burnham Must Change

Funding the Future | July 2026

Topic

Andy Burnham inherits six interlocking crises as the newly arrived prime minister. They are war, inflation, recession, the bond markets, economic grievances and climate change. None of them can be solved within the neoliberal framework that created them. A different understanding of government finance is not optional; it is the precondition for solving any of them.

The video this Debate Ammunition supports is available here.

The Core Argument

Andy Burnham has inherited at least six simultaneous crises:

* war in the Gulf,
* energy-driven inflation,
* a weakening economy,
* bond market speculation,
* political grievance rooted in falling living standards, and

* accelerating climate change.

Each makes every other harder to manage.

Every one of these crises is being analysed through the same neoliberal framework, which treats the government as a household constrained by money it must first raise from elsewhere. That framework did not merely fail to prevent these crises; it generated them.

A currency-issuing government is not revenue constrained in the way a household is. It creates money when it spends and uses taxation to manage inflation and reduce inequality. The real constraints are people, skills and productive capacity, not money. Recognising this is not a policy preference; it is a description of how the economy already works.

Investment rules must replace fiscal rules.

Wealth and land must be taxed more effectively.

The energy transition must become the industrial strategy.

Monetary policy must serve the country rather than fight it.

Without those structural changes, no change of leader will change Britain.

Key Statistics

Statistic	Figure
UK government annual interest spending, described as partially unnecessary given available monetary tools	£100 billion
Approximate share of UK government bonds held by hedge funds, creating speculative	

pressure

£100 billion

UK government bond yields approaching in some cases, described as unjustifiably high

6%

The Argument Structure

Step 1 — Six crises, not one:

War in the Gulf has closed the Strait of Hormuz and driven up oil and gas prices.

That energy shock feeds domestic inflation.

The UK economy is already weakening, with GDP per person falling.

Bond markets are testing Burnham's credibility.

Political grievance is rising because living standards have stagnated and public services have deteriorated.

And climate change is intensifying while fiscal rules block the investment needed to respond.

These are not separate problems; each makes the others harder to manage.

Step 2 — One framework has failed all six:

Conventional politics and conventional economics treat the government as a household dependent on money raised from elsewhere. Within that framework, every major problem appears insoluble because the tools required to address them are ruled out in advance.

Austerity weakened the NHS and public services.

Fiscal rules blocked climate investment.

Supposed dependence on bond markets handed power to hedge funds.

These are not accidents; they are the logical outcomes of a flawed analytical framework.

Step 3 — The alternative framework already describes reality:

A currency-issuing government creates money through spending and uses taxation to manage inflation and reduce inequality. Borrowing, fiscal rules and the household analogy are political constraints, not economic laws. The binding constraints on government are real: people, skills, materials and productive capacity. Managing those real resources wisely, rather than balancing an imaginary household budget, is what good economic policy looks like.

Step 4 — Structural reform is the minimum requirement:

Investment rules should replace fiscal rules.

Wealth and land should be taxed more effectively.

The state must direct productive investment through ISA and pension savings.

The energy transition must become the industrial strategy.

Monetary policy, including quantitative tightening and central bank reserve interest, must serve the country rather than constrain it.

Without these changes, Burnham will fail, Labour will fail, and democracy itself will be under greater threat from the far right as a consequence.

Their Argument → Your Rebuttal

They Say

Your Response

The bond markets will punish any government that abandons fiscal discipline, as Liz Truss proved.

The Truss episode was caused by the Bank of England announcing quantitative tightening simultaneously with an unfunded budget, not by the absence of a fiscal rule. A government that issues its own currency is not revenue constrained in the way a household is. The relevant question is not whether gilt traders approve but whether real resources exist to do the work.

The government is already spending £100 billion a year on interest that could be substantially reduced by instructing the Bank of England to cut the base rate and ending interest payments on central bank reserve accounts. Those are straightforward policy decisions, not market gambles.

Fiscal rules are necessary to reassure investors and maintain the UK's credibility.

Labour and Conservative governments have created and abandoned fiscal rules repeatedly since 1997. Every single one has either been suspended in a crisis or rewritten when the government could not meet it. They are political theatre, not economic law.

Fiscal rules do not reassure investors; they hand investors a map of the government's likely responses, which hedge funds use to push interest rates upward. The £100 billion of government bonds now held by hedge funds is speculative pressure, not a verdict on British economic reality.

The government does not create money; it borrows from markets or raises taxes first.

This is operationally false. The Bank of England creates the money the moment the government spends it. That is printed on every banknote and confirmed by Bank of England documentation. Taxation withdraws money from circulation afterwards to manage inflation and inequality; it does not fund spending in advance.

Every pound in the private sector was created by government spending in the first place. The private sector has no money that did not originate with the state. The household analogy reverses the actual sequence.

Grievance politics and economic populism are the real danger; we need stability and continuity.

Grievance has economic causes.

Living standards have stagnated.

GDP per person is now lower than it was almost a decade ago.

Wages are stagnant.

Public services have deteriorated.

Inequality is growing even before taxes and benefits are taken into account.

These are not perceptions; they are data.

Continuity in the policy framework that produced those outcomes is not stability; it is a guarantee of more grievance. The far right grows where mainstream politics fails to address material conditions. Treating the framework as untouchable is the greater political risk, not the lesser one.

The One-Liners

“You cannot solve six crises using the framework that created every one of them.”

“A government that issues its own currency is not a household; it is the source of the money the household uses.”

“Fiscal rules are political choices dressed up as economic laws, and Britain has paid heavily for that pretence.”

“The bond markets are not a verdict on British reality; they are a speculative attack on a government that has given them the map to do it.”

“Real constraints are people, skills and capacity. Money is the tool governments use to mobilise them, not the thing they run out of.”

Questions to Ask

If fiscal rules are economically necessary, why has every government since 1997 suspended or rewritten them the moment they became inconvenient?

If the government is like a household, where did the private sector get the money it holds before it could lend any of it back?

Which of the six crises - war, inflation, recession, bond markets, political grievance, climate - can be addressed within existing fiscal rules, and what is your evidence?

If quantitative tightening and high central bank reserve interest rates are raising the government's borrowing costs unnecessarily, what is the economic argument for continuing them?

Further Reading

Post

Date

What it covers

Can Andy Burnham rebuild Britain if the OBR says no?

13 Jul 2026

Directly precedes this video: argues the OBR's fiscal framework is the defining obstacle to any Burnham government and explains why real resource constraints matter more than debt ratios.

Does Burnham understand economics?

30 Jun 2026

Examines Burnham's pre-leadership economic speech and the contradictions between his stated goals and his commitment to fiscal rules and GDP growth as the central measure of success.

Andy Burnham's economics will not work

19 May 2026

Tests whether Burnham's programme of public ownership, reindustrialisation and fiscal rules can coexist, concluding that the fiscal constraint undermines every other commitment.

Richard Murphy's View on Fiscal Rules

18 May 2026

Sets out why a defensible fiscal framework would accept that a sovereign currency issuer is resource constrained, not revenue constrained, and must be judged on real outcomes, not ratios.

[Should we forget the rules?]

26 Mar 2026

Argues that deficit limits, debt targets and inflation targets were designed to constrain government rather than serve society, and that functional finance requires judging policy by outcomes, not rules.

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

27 Sep 2025

Unpacks the confrontation between elected government and bond market speculation, and why a currency-issuing government is not revenue constrained in the way markets imply.