ADVISORY NOTICE

Economic Information Integrity Unit

Cross-Departmental Briefing for Officials and Communications Teams

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Classification: OFFICIAL-SENSITIVE
Reference: EIIU/2026/014
Status: For internal guidance. Not for onward citation without clearance.
Fiscal Narrative Threat Level: SUBSTANTIAL (an attack is likely)

Fiscal Narratives and Information Integrity: A Framework for Identifying False and Misleading Economic Claims

1. Purpose

This notice applies the evidence-based framework set out in False and Misleading Information: An Evidence Summary and Map for Policy and Practice (the "Evidence Summary") to a category of content that has, until now, escaped systematic classification: recurring claims about the operation of the public finances. Officials have raised concerns that certain framings, though long-established in public discourse, meet the Evidence Summary's own criteria for false and misleading information. This notice sets out that assessment and recommends a response. Section 5.1.4 of the Evidence Summary lists economic decision-making among the underrepresented individual-level harm domains within the wider literature on false and misleading information; this notice addresses that gap. Officials should extend to these narratives the same evidential rigour currently applied to other categories of threat to national resilience, including cyber-enabled disinformation and public health misinformation.

2. Applying the definitional framework

Section 4.1.1 of the Evidence Summary is clear that intent should not be the primary lens for policy response. Impact on audiences is what matters. Judged on that basis, several long-standing fiscal claims warrant reclassification. Table 1, overleaf, assesses each against Table 4.1 of the Evidence Summary.

Table 1. Candidate narratives assessed against Table 4.1 of the Evidence Summary

Claim	Category	Basis for classification	Confidence
“The government must balance its books like a household”	Misinformation (widely repeated without apparent intent to deceive)	Confuses a currency issuer with a currency user. Operationally false under a floating exchange rate and a central bank that settles the government’s own payments.	High
“There is no money left” / spending is “unfunded” until paid for	Misinformation	Reverses the settlement sequence of a modern payments system, in which the state credits accounts before it debits them through tax or gilt issuance.	High
“Printing money always causes inflation”	Misinformation	Conflates the operation that credits an account with the separate question of whether real resources exist to meet the resulting downstream demand.	High
“Government borrowing is like taking out a mortgage”	Misinformation	No lender exists with standing to foreclose on a currency-issuing government, and gilt yields are set at open auction rather than negotiated against a repayment schedule fixed by the lender.	High
“Taxpayers can’t afford...”	Misinformation	Taxpayers are individual economic actors with no liability to settle government purchase orders; the UK Government is a monetary institution in its own right, acting as both agent and principal, with full capacity to settle any such order directly. Taxpayers need not be contacted.	High
“We have to borrow from China”	Misinformation	No operational dependency has been identified requiring HM Treasury to obtain advance permission from the People’s Republic of China before settling sterling payments.	High

Claim	Category	Basis for classification	Confidence
“Borrowing today burdens future generations”	Misinformation, occasionally shading into disinformation when repeated by actors aware of the operational counter-evidence	Treats government bonds, which are a financial asset held by some entity, as equivalent to a private debt owed to an external party. Future generations inherit the bond holdings as well as the associated liability, since both sides of the same instrument pass down together. The liability will necessarily be discharged when the asset is spent. No satisfactory explanation has been identified for why public discussion of intergenerational burden addresses the liability and omits the corresponding asset.	High
“Excess borrowing triggers bond vigilantes who will punish us”	Propaganda	Amplified as though settled fact despite weak review-level evidence, consistent with an attempt to direct fiscal behaviour toward a predetermined outcome, the claim rests on a fixed-exchange-rate model of yield determination inconsistent with current institutional arrangements. Policymakers retain mechanisms, including the option to cease gilt issuance and hold the resulting balances on the Ways and Means account, rendering the hypothesised discipline contingent rather than inevitable. Presentation of the phenomenon as an unavoidable consequence of fiscal deficits therefore exceeds the strength of the available evidence base.	Very High
“Sell sterling and the pound will plummet”	Misinformation	All sterling in existence must be held by somebody, and a sale requires a buyer as much as a seller. The claim assumes a convertibility mechanism capable of extinguishing sterling on sale, of the kind a peg or a fixed reserve provides; no such mechanism has been identified under current floating exchange rate arrangements. Sterling has no application outside the UK economy, and officials could not identify any use for the buyer’s resulting holdings other than expenditure within it, which would necessarily increase domestic production and investment and, in consequence, its overall value.	High
“How do we pay for it?”	Misinformation	The claim omits the repeated recirculation of spending through the tax base, a process properly described as a geometric series rather than a simple sum, and therefore presents only a partial description of the fiscal process. The tax rate governs the number of terms in that series. Evidence shows it has little effect on the total collected relative to the amount spent (ONS series RUUQ, RUUN).	High

Claim	Category	Basis for classification	Confidence
“The markets won’t let us do that”	Misinformation	Treats “the markets” as a single decision-making agent despite comprising many participants with divergent positions. Evidence exists of groupthink, and algorithmic trading systems in particular show behavioural correlation reminiscent of a hive-mind architecture more commonly associated with science fiction than with financial regulation. This falls short of the unified entity, capable of exercising monopoly power over pricing, that the claim requires. The increasing role of generative artificial intelligence in these systems has, if anything, reduced average decision quality across the sector.	High
“We must follow the fiscal rules”	Propaganda	As distinct from any ongoing assessment of real resource capacity, no operational justification for the numerical targets has been identified at any point since their introduction. Compliance is nonetheless treated as continuous and non-negotiable, a pattern of behaviour indistinguishable from operant conditioning under a reinforcement schedule wholly unrelated to the action it appears to reward, of the kind documented in pigeons that persist in repeating an arbitrary sequence of movements as though causally required to produce the pellet. The forecast against which compliance is measured is generated by the Office for Budget Responsibility on a five-year horizon; the margin of error in the outer years widens to a degree more commonly associated with astrological prediction than with empirical science.	High
“Deficits crowd out investment”	Misinformation	Uses one term for two distinct phenomena. No fixed pool of loanable funds capable of depletion has been identified under present institutional arrangements. The claim under review does not specify whether it refers to this, or to the separate and genuine constraint on labour, materials and plant capacity. A deficit is, by accounting identity, matched by financial saving elsewhere in the economy. Saving is the act of not spending, and how an act of not spending would draw down the physical resources, materials or labour capacity that other spenders wish to use could not be established.	High
“The national debt is £3 trillion, or roughly 95% of GDP”	Misinformation	£3 trillion is a stock, measured at a point in time. GDP is a flow, measured over a year. Officials converted both to base units and found the resulting percentage dimensionally equivalent to expressing a car’s odometer reading as a percentage of its speedometer reading. The calculation produces a coherent number only because a period of exactly one calendar year has been substituted for the missing time axis. Substituting a sidereal, anomalistic, draconic or Jovian year in its place produces four further percentages, none of which change the debt itself, and no basis has been identified for preferring the calendar year over the alternatives. No error has been found in the arithmetic. The error lies in treating the ratio as meaningful in the UK.	High
“Our debt is rising faster than almost anywhere else, so how can we increase defence spending?”	Misinformation	Compounds the stock/flow error above by comparing growth rates in an already-conflated figure across countries, rather than resolving it. The capacity to increase defence spending is bound by the availability of service personnel, munitions production capacity and shipyard throughput, none of which appear anywhere in an international debt league table.	High

Claim	Category	Basis for classification	Confidence
"Financial markets have spoken"	Misinformation	Market prices were observed. Speech was not.	High
"There is no magic money tree"	Misinformation	Restates the currency issuer/currency user confusion in horticultural rather than domestic terms. Officials found no evidence that the underlying operation involves photosynthesis.	High
"Taxpayers' money paid for that"	Misinformation	Spending and taxation are conducted by separate departments as parallel, asynchronous processes. Officials identified no operational evidence that a spending department contacts HM Revenue and Customs to confirm that sufficient tax receipts have been collected before authorising expenditure. Introducing such a check would impose a serialisation dependency between departments that does not currently exist, with predictable consequences for departmental response speed given current HMRC helpline waiting times.	High
"Debt is on track to reach 300% of GDP by 2075, on an unsustainable, ever-upward path by the 2040s" (OBR Fiscal Risks and Sustainability report, 2026)	Satire/parody	The projected effect on gilt yields is derived from the UK Overlapping Generations model, which sets interest rates by matching domestic savings to investment (Box 5.1). Under this specification, a higher stock of government debt absorbs household savings that would otherwise fund private capital, raising its cost. Officials examined Annex A, Economic assumptions and model structure, and found no banking sector, no financial sector, and no mechanism for the creation of bank money anywhere in the model's construction; the private capital stock is instead evolved by convergence to a fixed share of output. A model of interest rate determination that omits the banking system cannot represent the mechanism by which investment is actually financed in an economy that has such a system. No interpretation under which this exercise constitutes a serious forecast of gilt yields in the UK economy could be identified. Officials can only conclude that the Office of Budget Responsibility is having a laugh at the public's expense—metaphorically and literally.	High
"There is a £22 billion black hole in the public finances"	Misinformation	A black hole is a region of spacetime exhibiting gravitational collapse from which no light can escape. No event horizon has been located within HM Treasury. The figure customarily described in these terms is an accounting balancing item arising from a change in forecasting assumptions, and has not been observed to warp spacetime in its vicinity. The deficit is properly attributable to non-government sector net saving in the current period, not to Einsteinian time dilation effects.	High
"The national credit card is maxed out"	Misinformation	Despite extensive search of HM Treasury records and payment systems, officials could identify no issuing bank, no applicable credit limit, and no record of a declined transaction at point of sale. Officials can only conclude that no such card exists.	High

Claim	Category	Basis for classification	Confidence
"Britain is bankrupt"	Misinformation	HM Treasury's sterling obligations are discharged through the Bank of England, which operates under no statutory cash limit outside the Issue Department. No procedure under UK law permits a finding of bankruptcy against HM Government: bankruptcy, as defined by the Insolvency Act 1986, applies to individuals, while administration and liquidation apply to companies, and none extends to the Crown. No insolvency practitioner contacted during preparation of this notice indicated a willingness to undertake such a liquidation. Parliament could in principle legislate for such a procedure; none currently exists, and none has been proposed.	High

Evidence Note 2.1

The prevalence of a claim in ministerial speeches, media commentary, introductory economics textbooks, or peer-reviewed publications in respected economic journals should not be interpreted as evidence of factual accuracy. Repetition itself, independent of any accompanying evidence, functions in the Evidence Summary as a primary driver of perceived accuracy.

3. Distribution mechanisms

Section 4.3 of the Evidence Summary sets out eight distribution mechanisms. Five are relevant here.

Illusory truth and illusory consensus (Section 4.3.1). The household budget analogy is repeated with sufficient frequency, across broadcast, print and blended social media channels, that its perceived accuracy has become largely detached from its operational basis. Repetition effects of this kind are well documented and do not require any coordinating actor. Officials are reminded that longstanding repetition does not constitute independent verification.

Engagement-optimised amplification (Section 4.3.2, Role of Platforms and AI). Content asserting monetary constraint performs reliably well with editors and audiences, since it maps onto pre-existing household intuitions and requires no explanation of settlement mechanics. Content describing the actual operations of the Exchequer performs poorly by comparison, since it is unfamiliar and requires several additional steps of exposition. Repeated exposure of this kind may reduce audience resilience to accurate operational descriptions of the monetary system, a behavioural pathway consistent with those documented elsewhere in the Evidence Summary.

Blended and mainstream ecosystems (Section 4.3.4). The declining distinction between social and mainstream media means claims of this kind now circulate with equal authority whether they originate from a credentialed commentator, a partisan actor, or a satirical account.

Credential bias (Section 4.4, Actors in the Creation and Amplification of Misleading Information). Claims repeated by individuals possessing recognised economic credentials are frequently accepted with reduced scrutiny, despite the Evidence Summary finding no necessary relationship between institutional status and factual accuracy.

Shibboleth effects. Several of the phrases identified in Table 1 function less as descriptive claims than as verbal tokens exchanged to signal membership of a discourse community. Use of the phrase communicates alignment to the audience, independently of, and frequently instead of, any operational content the phrase might otherwise be thought to carry. This mechanism is not addressed in the Evidence Summary itself, which does not extend to economic decision-making; officials should regard it as a provisional addition pending peer review—a process this notice takes on trust, in the manner it elsewhere recommends against.

4. Assessment against the evidence-quality criteria

Section 5.1.4 of the Evidence Summary cautions against dismissing a claim as harmless simply because its effects resist controlled measurement, and that caution applies here. No randomised trial has tested the household budget framing against an accurate alternative, but the same is true of most claims examined in the Evidence Summary, and the absence of such a trial was not treated there as grounds for setting a claim aside. Plausibility and accuracy are treated throughout the Evidence Summary as separate questions. The household budget framing scores well on the first and poorly on the second. Under the Evidence Summary's own criteria, that combination is sufficient to classify it as false.

None of the foregoing should be read as asserting that fiscal policy operates without constraint. Real resource availability, import capacity and inflation risk each impose genuine limits on government action. The narratives assessed in Table 1 are classified as misinformation because they misdescribe the mechanism by which those limits operate, not because no limits exist.

5. Recommended interventions

Section 6.1.2 of the Evidence Summary is clear that no single intervention is sufficient. A layered approach follows.

Prebunking. Briefings on fiscal matters should routinely flag, in advance, that household-budget framings will be encountered, and should supply the operational counter-explanation before exposure rather than after.

Debunking with replacement explanation. Consistent with the Evidence Summary's finding that prebunking cannot anticipate every narrative and must be backstopped by correction, officials should avoid simply stating that a claim is "wrong" and should instead explain the settlement mechanics that the claim omits.

Trusted messengers. Media queries on fiscal sustainability should be routed, where practicable, to commentators able to distinguish reliably between a currency issuer and a currency user.

Media literacy. Members of the public should be encouraged to ask whether a fiscal claim is accompanied by an explanation of the underlying accounting operations, or whether it relies primarily on domestic metaphors involving households, credit cards or trees.

Capacity building. Communications teams should receive basic instruction in double-entry bookkeeping and a refresher on geometric series before commenting publicly on fiscal sustainability.

Early warning indicators. Particular caution should be exercised where public commentary contains the phrases "eye-watering black hole," "living within our means," or "the magic money tree." Co-occurrence of more than one such phrase within a single article should be treated as indicative of elevated misinformation risk.

Think tank containment protocols. Representatives from bodies, such as the Institute for Fiscal Studies or the Institute of Economic Affairs, should be required to complete a ten-minute online module on central bank settlement systems before appearing on the Today programme or Newsnight.

Escalation protocol. Where three or more fiscal misinformation indicators are detected within a single broadcast segment, officials should consider referral to the Economic Information Integrity Unit for enhanced narrative monitoring. Repeated exposure may justify temporary deployment of accredited accountants to the affected newsroom.

System-level measures (Section 4.4). Individual-level correction alone cannot keep pace with the rate at which these narratives are produced. Officials should instead address what sustains their circulation: structural incentives, editorial reliance on familiar analogies, and a shortfall in basic arithmetic and accounting literacy among financial journalists serious enough to raise separate questions for the Department for Education about coverage of geometric series in the GCSE mathematics curriculum. Correcting each instance in turn, as the Evidence Summary finds of other categories, will not resolve the underlying problem.

6. A note on terminology

Section 3.3 of the Evidence Summary is explicit that debates over definitions should not become a distraction from addressing harms. Officials need not resolve, before acting, whether any individual repetition of these claims reflects misinformation or disinformation. The impact on public understanding of the fiscal position is the same regardless.

Officials should note that several of the narratives identified above have circulated continuously for more than forty years, spanning multiple Chancellors of both main parties. Their longevity should not be interpreted as evidence of reliability. On the contrary, the Evidence Summary identifies repeated exposure as one of the principal mechanisms through which inaccurate claims acquire the appearance of common knowledge.

7. Guidance on misattribution

Officials should be aware that accurate descriptions of fiscal operations, including the contents of this notice, are frequently misclassified by readers as satire, Modern Monetary Theory advocacy, or “something the IFS would never say.” This response pattern is a known trust and communication failure of the kind addressed in Section 5.2.4 of the Evidence Summary, and should not be permitted to delay briefing duties. Any official who finds this notice amusing should note the passage responsible and refer themselves for resilience review.

8. Fiscal Narrative Impact Assessment

Economic impact: Potentially substantial. The Exchequer’s ability to expand output by mobilising unused resources, particularly labour, is unaffected by whether journalists and economists are confused by double-entry bookkeeping and simple geometric series.

Democratic impact: Potentially severe. Decisions affecting the public finances are currently debated using conceptual tools broadly equivalent to a toddler’s shape-sorter.

Departmental workload: Expected to increase as communications teams are required to explain to editors that the national credit card is not, in fact, a thing.

This notice will be reviewed in six months in light of emerging primary research on economic decision-making, a domain the Evidence Summary identifies as comparatively under-researched relative to its policy importance.