

## Unsustainable cuts in spending

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Larry Summers, [writing in the FT this morning](#) has noted why it is inevitable that state spending will rise in the future. He says there are four reasons for this.

First of all there's demography.

Second, interest rates will rise and so will debt servicing costs (I point I don't wholly agree with).

Third, the cost of government provided services are rising much faster than inflation in general. Automation is reducing the cost of many private sector supplies and you can't automate large chunks of what the government does. There are no productivity gains to be had in them, so their relative cost is rising.

Fourth costs like infrastructure renewal can't be put off forever.

And then he adds, having noted all this:

*There is a steady decline in the fraction of tax returns that are audited and there is evidence of growing tax non-compliance. Both are a reflection of unsustainable cuts in spending.*

Quite so.

There's a vicious circle going on now encouraging a spiral of decline that will arrest all hope in our economy and society at large.

Unless we address this: unless we accept more tax will be due; unless we tackle the tax gap our societies will fail. Not maybe; inevitably.

That's why I campaign on these issues.

That's why I am so offended by libertarian views that seek to destroy everything of value.