

Am I alone in screaming in despair at the banality on p...

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There [is a ludicrous article in the Guardian tonight](#) which makes no sense at all despite being written by Denis Campbell, who seems to be to be a good journalist. The story says:

Labour's key election pledge to rescue the ailing NHS with an extra £2.5bn a year has begun to unravel after the party admitted that the money would not be available until halfway through the next parliament.

The party has confirmed that none of the £2.5bn pledge, which formed the centrepiece of Ed Miliband's speech to its conference in Manchester, would be raised in the first year of a Labour government.

The basis for the apparent 'unraveling' of Labour's promise to spend more on the NHS is the apparent requirement that it must raise the money it has promised to spend before it can apparently do so.

This is absolutely bizarre logic. The Coalition government will borrow £107 billion this year based on reasonable projections of [the August borrowing data](#). It has, therefore, not stopped spending because it has not raised money first. This has been true, of course, throughout its period in office, when it will in all have borrowed (in my estimate) £572 billion in all. But apparently Labour cannot borrow £2.5 billion to spend on the NHS in anticipation of the receipts it will secure by raising taxes.

Not only is it ridiculous to suggest that separate rules apply to such spending when compared to all other spending (and it is Labour's fault that they have got themselves into this daft position by doing they will not spend without taxing) but this whole argument defies the logic of tax.

The fact is that throughout history government spending has always preceded taxation. So, in deep dark history kings went to war and then wondered how they would pay for it. They did not patiently save up their tax revenues and then decide who they would have a fight with.

And very obviously it is always spending that drives the spend and tax process because glaringly obviously there's not a democratic government on earth who would want to tax without good reason: it simply makes no sense to do that.

This is why spending always slightly precedes revenue. And this is also why so called 'structural deficits' that reflect that fact are not structural unless 'structural' means 'normal'. That is because this spending prior to taxation is the inevitable scheme of things when the reality is that governments always first of all spend to meet need - effectively printing the cash to do into the economy in the first instance - after which they then reduce the otherwise inflationary impact of doing so by reclaiming all or some of that money they have spent into the economy back in the form of tax, the combined process then giving them control of money and so effectively creating both monetary and fiscal economic controls in the process.

However, apparently none of our political parties have the slightest notion of this economic reality that we do not tax and spend but do instead actually spend and tax and so are bickering about whether it is now possible to spend without taxing first when day in, day out, they do the exact opposite and unless they did that every tool they have to control the economy would not work.

I sometimes want to scream in despair that politics, and this variation of political economy, is undertaken at such a banal level. I cannot be alone, surely?