

## How can I put this subtly?

<https://www.taxresearch.org.uk/Blog/2015/01/02/how-can-i-put-this-subtly/>

Published: January 12, 2026, 8:06 pm

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The [FT has reported that its annual survey of economists has](#) found that:

*Britain faces years of steeper public borrowing, slower debt reduction and higher taxes after the May election - whichever party is in power - despite the economic recovery remaining on track.*

It would seem that what might commonly be called 'the obvious' has passed the FT by. I suspect it may have passed some of the economists by too.

So let me put this as subtly as I can. The reason why the recovery will remain on track, if it does, is precisely and only down to the fact that there will be slower debt reduction than George Osborne plans - as the vast majority of those surveyed think likely. The reason why it may not be as good as hoped is because there will be tax rises when none are needed, I should add.

You see, the fact is that the only reason we have a recovery is that the government is, thankfully, still spending. And there is good reason why it is spending and that is because it is providing what people want.

And there is a reason why it can afford to spend. And that is because people are not spending on what business wants to supply because what they are offering is not what people want. As a result banks are not creating enough money in the private sector to keep the economy going in anything like enough amount so the government, through deficit spending, is having to do the job instead.

And at some time it will realise that it does not need to raise tax to cover this because another round of quantitative easing will do very nicely instead - especially if spent into the economy this time instead of effectively being given to speculators to play with.

There will also come a time when so called market economists might realise that this choice of government supplied service over market supplied alternatives is actually an expression of consumer choice. It's not crowding out, nor some sort of failure. It's

people expressing their preference, just (rather surprisingly) as their models say they might but in a way that economists have assumed they never will, indicating precisely why most economics is not social or science but the communication of political dogma.

And if what I am suggesting is true (and I think it glaringly obviously is) then there's no 'despite' needed in the FT's report. The causation is from deficit spending to growth, not vice versa.

But the FT still don't seem to get it.

And nor do most economists.

It takes a very special form of intellectual blindness that goes way beyond incompetence not to see that this is at least a possibility that they are even denying exists, which would not matter except for the cost it has imposed on us all.