

Why doesn't tax and spend matter when a politici...

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Theresa May wants to go to war. All prime ministers seem to succumb eventually. It ends well for very few. It will be no surprise to anyone that I am opposed to the idea. This can only result in meaningless loss of life.

That, however, is not my reason for noting this impending error. Instead I want to note that the traditional demand of 'How are you going to pay for it?' Is always suspended on these occasions. Instead it is assumed that the money for war can always be found.

Which is true. The money for war can always be found. After all, money is just a promise to pay. And what the government does when committing to pay for war is to promise to pay for it. To indicate that fact it issues promissory notes - that is, notes and coin or, rather more likely, credits in bank accounts. And then it taxes at a later date and accepts the cash it has created in payment: the promise is therefore fulfilled.

It is then money creation that pays for war. Nothing more, and nothing less. That, and the fact that the government can tax to fulfil the promise.

We never question this when it comes to war. That's because war has always been fought in this way. No monarch, state or warlord has saved up to go to war: they go to war and promise to pay later. The creditor hopes they have backed the winning side.

Paying for other services happens in the same way. It's just that the creditor has less risk if the funds created are used to pay for housing, the NHS, education and fair pensions ([those things that we enjoyed half a century ago that we cannot apparently have now](#)). And yet the creditor will apparently unquestioningly fund a war and not feel the same way about money creation (which is all about extending credit) to fund anything else.

The question is, why not?

And why isn't May being asked 'How will you pay for it?' now?