

## The health of the nation and the health of the economy ...

Published: January 13, 2026, 7:24 am

---

Politics Home [reports this morning](#) that:

*The Archbishop of Canterbury has urged the Government to boost public spending by raising taxes and increasing borrowing.*

*Justin Welby said ministers had lost their “nerve” over borrowing and suggested that record low interest rates should be seized on to increase funding for public services like the NHS.*

His motivation is right, of course.

And he is right to note that we should be borrowing using low interest rates.

But do we need to raise tax? That is not certain. The government is now running so small a deficit that it is hardly creating enough money to meet the demand for new money to match inflation.

And we are very far from gainful full employment.

The reality is that the government has no reason to balance its books and to do so is dangerous: it forces money creation into the private sector where debt bubbles are likely, with likely serious micro and macroeconomic consequences.

The answer to funding the NHS may be simpler than Justin Welby imagines. He is still beholden to the household model of government. In reality rather than in this model the answer to the NHS funding crisis is to simply create the money required by spending it. It's not just the health of the nation that demands that. The health of the economy does too.