

# Funding the Future

## Tax does not fund government spending

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From my Twitter feed this morning, because this needs to be said time, after time, after time:



**Richard Murphy** @RichardJMurphy · 45m ...

It really is time people realised tax does not fund government spending. Government spending happens because it tells its own Bank (the Bank of England) to make a payment and the Bank has no legal choice but to pay, whatever the balance on the government's account with it. 1/3

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**Richard Murphy** @RichardJMurphy · 45m ...

Tax reclaims from the economy some or all of the money spent by the government with the difference being made up in two ways. The first is by government borrowing, which is, however, only possible because the government spent the money into existence in the first place. 2/3

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**Richard Murphy** @RichardJMurphy · 45m ...

The other way is for the government to leave the money owing to the banking system, which is what QE does. There are other options on this last theme available, but in all cases tax is one of three things that can balance out government spending. But it never funds it. 3/End

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