

Funding the Future

We cannot have an economic recovery unless we spend more

Published: January 13, 2026, 3:41 am

I watched Stephen Barclay, who is our Health Secretary for the next few weeks, saying on Channel 4 News last night that the provision of better healthcare was entirely dependent on growing the UK's private sector economy. In response I write these tweets:



All I am describing, of course, is a multiplier effect. The evidence from research is very clear that a pound spent on healthcare provides a boost of maybe four times that sum to the economy as a whole, and therefore collects more in tax as a result than the amount spent.

I do, of course, accept that all multiplier estimates are open to wide ranges of uncertainty. This goes with the territory because causality is hard to prove, but the reality is that ratios of this size are consistently found, and the reasons for them are not hard to guess.

A fit person can work.

A fit person who does not have the worry about caring for another person can work.

A person on a waiting list is not optimally fit and may get progressively worse.

People worried about getting Covid will not work if they can avoid doing so.

All of these things are obvious. It is as obvious in that case that spending on health is the necessary precursor of economic recovery and not something we can only afford when it has happened.

Why is it so hard for politicians to appreciate this? There are three reasons. The first is that they have been taught tax must come before spend, which is glaringly obviously wrong, since that is not how the government spending cycle works in practice, where spend always precedes tax.

Second, they are frightened of deficits and raising taxes by the right-wing media and so believe that they can never break the downward cycle we are in.

Third, they want a small state and spending on healthcare is contrary to that.

And so people suffer as a result. In this case the causality is really not hard to work out.

Stephen Barclay was wrong. But so too are all other politicians who believe this.