

## The Tories are choosing to impose misery on the country...

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I [posted this thread](#) on Twitter this morning:

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Steve Barclay, the Health Secretary, is saying today that if nurses get inflation matching pay rises patients will suffer. But if inflation is 10% then tax revenue should increase by 10%. So he needs to explain what he's doing with the extra tax he's not using to pay nurses.

He will no doubt claim he's using it to pay interest on government debt. Five things follow. First, that's a one off cost. Most of the extra cost is in index linked bonds and as inflation tumbled this year so will that cost, but tax revenues will remain 10% higher despite that.

That's because inflation, which determines the cost of these bonds is going to disappear but absolute price levels which determine tax revenues are going to remain inflated by 10% or more. So money to pay nurses is available, after all.

Second, most of that extra interest cost won't be paid for 15 years because of the way the index-linked bond system works: almost all this extra expense is paid when these bonds are redeemed and on average that's in more than 15 years time.

Third, Barclay is ignoring that roughly one third of all government interest costs goes straight back to the government because it owns one third of the UK national debt. It's terribly convenient for him to ignore a little detail like this.

Fourth, he ignores the fact that the government could save almost £40bn in interest by stopping payment of interest on the funds effectively gifted to commercial banks as a result of quantitative easing. It's in the government's power to do so, but they prefer paying bankers to nurses.

Fifth, the interest rate the government has to pay could be brought down by the

government telling the Bank of England to reduce its base interest rate, which it has the power to do. But, again, it prefers to pay interest to the already wealthy than pay nurses a fair rate of pay.

My point is threefold then. Firstly, the additional money to pay nurses is available: inflation and the tax system essentially guarantee that fact.

Secondly, instead of using the additional money available to it to pay nurses the government is instead deciding to pay more interest on its debts, when the vast majority of that additional interest cost could be avoided by it.

So, thirdly, the government is consciously deciding to prefer paying bankers to paying nurses at this moment, but that is not by necessity. That is the choice it is making as part of the economic civil war it has declared on the people of this country.

And there is of course the other essential point that Barclay misses altogether, which is that paying the nurses' (and teachers', and ambulance workers') pay rises pay for themselves.

That's because roughly 40% of the pay rise comes back in tax and national insurance the moment the payment is made, and tax is also paid every time the additional money paid to nurses is spent by those who benefit from that additional spending throughout the economy.

So, in fact, paying the nurses does in itself raise the additional taxes needed to pay the nurses (and others) what they are due right now. But Barclay either does not know that or does not want to know that.

Either way, he's choosing to impose misery on the country right now when none is required. That's the Tory way of pursuing class warfare, which is what is going on, with the Tories wanting wealth to win over meeting need. It's a callous politics that we're all suffering.