

# David Cameron revealed his ignorance yesterday

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As the BBC noted yesterday, former Prime Minister David Cameron appeared before the Covid inquiry yesterday. [As they noted](#):

*Mr Cameron .... defended the austerity drive overseen by his government.*

*He said it was needed to get the public finances in order and without doing so there would have been less money for the NHS.*

*"Your health system is only as strong as your economy - one pays for the other."*

He said much else, most of which was damning of his own management of the government and economy, but let's just stick with those ideas for now.

What Cameron revealed was his ignorance. The idea that we cannot have healthcare unless we sell more sugary foods is total nonsense. So too is the idea that unless we pile corporate profits high we cannot have adequate education.

The availability of public services is dependent on three things.

The first is skilled personnel to supply them, and the required skills are rarely transferred from the private sector.

The second is the means to pay those supplying those services. This is readily available at all times in the UK since all public services are paid for with money created for the government on a routine, daily, basis by the Bank of England. Tax and borrowing are only peripherally involved in this process by, in the case of tax, cancelling the inflationary consequence of the money that has been created and in the case of borrowing by providing a place of safe deposit for those funds not taxed back. Neither ever finances government spending.

Third, we need a government that understands this.

If these three conditions were met we could have the public services that we want.

There is one other thing that needs to be appreciated. That is that the health of the private sector economy does not determine the state of the public services that we can enjoy. The reverse is in fact true. We cannot have a strong private sector economy unless:

- \* We have well educated people, and only the state can deliver them.
- \* We have healthy people, and only the state can ensure that.
- \* There is a social safety net so that people can afford the risk of working for a private sector employer.
- \* Law and order are upheld, and are seen to be so.
- \* The government understands the economy and manages it appropriately.
- \* It is understood that there is an active relationship between the state and private sectors, with the dependence (if there is one) being of the private sector in the state, which is why it is so important that the state delivers.

Cameron showed very clearly yesterday that he understood none of this. No wonder he was such a bad prime minister. And no wonder we were so ill-prepared for Covid.

His performance was that of a broken man. And the ultimate question was rather like that which is now posed about Boris Johnson, which is how did a person so ill-suited to the task become prime minister?

Except, that is, that the question is not really that personal, because the real issue is how we have power vested in those with so little understanding of how the macroeconomy really works. I wish I could answer that.