

Just wait: politicians will be shaking the magic money ...

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The situation in the Middle East looks to be very volatile. Israel's attack on an Iranian embassy has given rise to an almost inevitable counter attack. No one's actions are justified, let alone proportionate. I condemn the aggression on all sides: there are always better ways to solve disputes. No one knows what will happen next, barring one thing that is.

What I can guarantee is that whatever the cost of military action might be, the money to pay for it will be found.

The magic money tree at the Bank of England will be shaken in the short term, as it can always be.

In the longer term, more bonds will be issued.

So-called government debt will increase.

And all because payment will have been made for military action undertaken at ministerial behest for which Parliament will never be asked to give sanction.

In the short term, no taxes will rise and no other spending commitments will change.

Later, that might alter because the increased debt will be used as yet another excuse to impose austerity by those always looking to find one, even though the cost will already have been paid for and the debt need never be repaid.

So why note all this? Simply because what it proves are three things.

First, spending not only can, but always does precede taxation.

Second, spending capacity can always be found whenever it suits a politician to find it.

Third, there is no reason why such costs need suppress other spending. They are exceptional, but also affordable: if there were not the capacity to actually undertake the

military activity then the cost could not have been incurred.

So what's the point of saying all this? It is simply to point out that the scale of government spending, and what it is spent on, is always a matter of political choice, but that the capacity to fund the choices made can always be created if the ability to undertake the chosen activity it is to be spent on actually exists.