

Multiplier effects

<https://www.taxresearch.org.uk/Blog/2024/05/30/multiplier-effects/>

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This is [today's YouTube](#) short video:



The issue is important.

[Watch it here.](#)

The transcript is:

At this election, ask any politician you speak to about multiplier effects.

Multiplier effects happen whenever the government spends money.

That money does not go into a black hole, it goes to someone, and they pay tax on it, and then they spend what's left over, and the next person who they spend the money with pays tax on it, and then they spend what's left over, and so on, and on, well, until someone saves, and that stops the process rolling.

But the point is, that one payment by government creates lots of additional tax payments within the economy. And that's what the multiplier effect is. It is the consequence of government spending generating extra tax income.

But whenever we hear about the government talking about - or politicians talk about - how they're going to pay for anything, they never mention this fact.

So, whenever you talk to a politician, ask them, what's the multiplier effect of what you're doing? Will it create its own funding?