

Why do politicians, economists and market commentators ..

Published: January 13, 2026, 5:52 pm

The economic commentators are in a panic this morning. The government, they are saying, has overspent in August. The figure for what they call borrowing is a record for the month for five years. They obviously think that everything is falling apart. This, of course, is nonsense.

The government spent what it had to, and it recorded other expenses – like the cost of some sorts of government borrowing that will not be paid for decades – because it thinks it has no choice.

And the government did not raise as much tax as it wanted, because they think no one wants to pay it.

At the same time, everybody wants more spent on the NHS, education, social care, new housing, investment in industry, solving the migration backlog, climate change, and so much more, so the government did not actually spend enough.

These are the facts. And despite all that, there is, according to the Bank of England, capacity for at least £70 billion more in bond sales (via quantitative tightening) to be made into the financial markets than the government needs to supposedly fund its own expenditure over the next year. In other words, these reputedly wise people think that financial markets want to buy many more government bonds than the government is willing to supply by running a deficit.

The problem for all market commentators is that this is very hard for them to admit. It simply does not fit in to their narrative, when the fact is that government borrowing (which is actually nothing more than government deposit taking) is something that people really want, just as much as they supposedly don't want to pay taxes and do want the government to spend.

The clear and unambiguous message from financial markets today is, then, that those markets actually want more – and bigger – deficits, which is the exact opposite of what commentators are saying.

In fact, just as recent market data is showing that private savers are pouring money into government-guaranteed cash ISAs, so too is the City desperate to put more money into government bonds, which they, too, know represent the only safe place from them to save in the world when financial markets are going mad, valuations are extreme, and any sense of certainty has long since disappeared.

The message of today is not that there is a crisis of government, but rather a crisis of understanding. The real message from today's data is one that neither the markets, nor the public, nor the government are yet willing to say out loud and yet it is glaringly obvious if you just appraise the facts..

The truth that the markets and people saving in cash based ISAs are saying is that they think that the government is well under control, doing exactly what people want, and markets and individuals throughout the UK are responding in the only rational way possible: they are committing their savings in the only way that the government guarantees is safe right now, saying in the process that the government is the only person they trust.

The only problem is that market commentators don't see the world for what it is, or market signals for what they really are, or human behaviour for what it actually represents. Right now, across the UK, massive votes of financial confidence are being cast in favour of the government and its capacity as the banker everybody wants to use to ensure that they have a safe place to deposit their money. And that is why we have high government debt. It is because people want there to be high government debt.

That is the only message we take from what is happening, and the only one we need to hear. Everything else is ridiculous noise. It's time the world noticed.