

Last night's YouTube short: Where government money really

Published: February 28, 2026, 7:09 am

We posted this short video on multiple platforms last night:

https://www.youtube.com/shorts/A_K6VoaZdlw

This was the transcript:

Where does government money actually come from? Most people assume that the government works like this:

- * It collects taxes.
- * It puts the money in a pot, and then
- * It spends from that pot.

That's intuitive. It feels right. It's also not how anything works.

I spent decades working in tax, and one of the things that experience teaches you, and that textbooks don't, is that the accounting tells a different story from the politics. Here is what the accounting actually shows.

When the government spends, when it pays a nurse's salary or funds a school or commissions a road, it does not draw down from a reserve of collected taxes. Instead, it creates new money through the banking system, the Bank of England, which it owns. That's what happens at the point of spending: new money is created.

Taxation then reclaims some of that money, to control inflation, to redistribute wealth and to shape behaviour.

But the spending comes first, which means every time you hear the claim, "We can't spend on the NHS because we haven't got the tax revenue," you're hearing something

that has the relationship between spending and tax precisely backwards.

The question is then never "Can we afford it?"

The question is always, "Why aren't we choosing to do it?"