

## Which way do we go around the roundabout?

Published: March 5, 2026, 5:10 pm

---

We have just published this short video on YouTube and many other channels. If you like it, please share it far and wide - because that helps get the message out.

<https://youtube.com/shorts/08nxYWnDZhA?si=V-VC7XiVdZsp62MZ>

This is the transcript:

---

I was asked recently what is the difference between tax-and-spend and spend and tax when it comes to economics and modern monetary theory?

The person who asked me said it's all just semantics, isn't it? It doesn't really make a difference. Well, the answer is, it does, because the government always spends first and taxes later. And it has to, because if it didn't spend first, there would be no money available with which to pay the tax, and that's important because ordering does matter in economics.

The order tells us whether we are describing reality or pretending something else happens.

Now, just have a little thought exercise here. Imagine you are driving in the UK and you approach a roundabout, and you want to get to the opposite side.

We know what the correct route is. You turn left and go around the roundabout, the proper way. Everyone understands what you are doing. The rules of the road are respected. Traffic flows safely. And you reach your destination. That's what spend and tax describes. It literally describes the reality of the way the world works, and policy respects that reality, and so outcomes are predictable.

But the alternative is that you do what economists claim and go the wrong way round the roundabout. You turn right. You ignore reality. You pretend you make the rules. You

claim the system works differently to everybody else, and chaos, of course, follows.

This is what tax-and-spend economics does. It refuses to accept how money actually enters the economy, and policies built on that misunderstanding lead to bad decisions and, even, and let's be clear about this, crashes because that will probably happen on your way around that roundabout.

Confusion, economic damage, and crashes will result from getting this understanding wrong.

So we face a choice. We can design economic policy around how the monetary system really works, or we can keep pretending that it works the other way around.

We can crash, or we can get safely to the other side. Which approach should we use to run the economy? There's a poll down below, and I'd really like to know what you think.

---

## **Poll**

[poll id="342"]