

If Osborne was right markets should be pushing UK inter...

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George Osborne has said since before coming into office that beating the deficit and curtailing debt is vital.

Today he will admit he's going to fail to do that in this parliament.

He'll say he'll overshoot by £30 billion. Others by much more. Since all Osborne's forecasts so far have been far too optimistic I'll go for the 'much more'.

And what Osborne has always said is that if he fails to deliver that cut in the deficit then the markets will panic, the interest rates we pay will sky rocket and the economy will spin out of control as money pours out of London.

Instead we have rates lower than Germany.

And they won't change today.

That's not because Osborne's getting a vote of confidence.

It's because Osborne was wrong.

The markets never demanded that the deficit be cleared with undue haste. The markets never demanded 20% youth unemployment, a crash in demand, a threat to well-being that is the harbinger of real instability and a massive increase in benefit payments because the government wantonly cut services people needed. All it needed was confidence that the government can pay. That's all that matters to it. And Labour had, before the crisis, left the UK with very low debt at less than 40% of GDP, and very long repayment terms at 14 years on average. And Brown had refused to let us join the Euro. As a result the markets had all they needed in April 2010. And as a result of that sound foundation they still have.

All that's happened since is that Osborne has trashed the domestic economy for no good reason and certainly not because the markets demanded it.

Beware market fanatsist: they're very dangerous people.