Funding the Future

Article URL

Published: January 12, 2026, 7:02 pm

Osborne's abandoned the pasty tax.

And the caravan tax.

It's a good question whether or not he should have done; the pasty tax was a fix for an anomaly exploited by bigger businesses alone whilst the caravan tax was a charge on holiday accommodation. Should it have been VAT free? Neither question is in the big scheme of things that important except for what they represented.

Go back to the March budget: this was a fiscally neutral budget designed solely for political purpose. That was all it was.

Despite that it's very clear Osborne got the tax wrong: on these detailed points he called it wrong and is having to put it right.

But he also got the economics wrong: he remained committed to austerity and that's a disaster.

Worse still, he got the politics wrong. He cut tax for the wealthy but not everyone else. He reduced tax for large companies but not small ones. He supported tax evasion through the Swiss tax deal. He encouraged large companies to take their financing operations to tax havens and in the process harmed developing countries. In other words, he did all he could to increase tax avoidance and evasion whilst increasing the wealth gap.

What he actually needed to do were three things on tax.

First he had to make sure those with wealth and excess savings - rich individuals and large companies in other words - were taxed to ensure that the cash they hold is distributed into the economy.

Second he had to close the tax gap to tackle the deficit - and in the process create a level playing field for honest business that would encourage investment in people and infrastructure.

Last he had to stimulate the economy, by VAT cuts, NI cuts and more.

And he did none of those things.

William Keegan is somewhat older than me and reckons Osborne the worst Chancellor he's ever see. I recall Chancellor's back to Anthony Barber. I agree with Bill Keegan.

And we're all paying the price for his incompetence.