

Osborne declares class warfare

Published: January 13, 2026, 1:29 pm

According to [many newspapers](#) George Osborne will be announcing tonight that it is his intention to run long term budget surpluses in the UK so that he can reduce government debt and put state finances back on what he calls a sound footing, because he believes that only by running surpluses and reducing debt can he deliver long term prosperity for this country. He is actually going to say the government should only borrow in exceptional circumstances, but is declining to say what they are.

As [Larry Elliott describes this in the Guardian](#), this is an exercise in returning to Victorian values in economic management. Indeed, a committee that has not met for 150 years is, apparently, to be reconvened to oversee the task. Larry notes that:

Osborne will drive home his desire to bring back the days of sound finance by announcing he will convene the first meeting in more than 150 years of the committee of the commissioners for the reduction of the national debt.

Set up by William Pitt the Younger to help repair the damage to the public finances caused by the Napoleonic wars, the body last met in 1860 when William Gladstone was chancellor.

And let's have no doubt that what Osborne is doing is seeking to change the whole tone of government economic (and so social and any other) policy by moving back to another era. [Osborne will say](#):

The result of this recent British election — and the comprehensive rejection of those who argued for more borrowing and more spending — gives our nation the chance to entrench a new settlement.

[and](#)

In the Budget we will bring forward this strong new fiscal framework to entrench this permanent commitment to that surplus, and the budget responsibility it represents.

The use of the word 'entrench' twice is not, I am sure, an accident: what Osborne is seeking to do is threefold.

First, he is seeking to end for good the post Second World War consensus that delivered the welfare state, growth, reducing inequality and increasing prosperity.

Second, he is seeking to significantly reduce the size of the state in the process.

Third, in so doing he is taking us back to the thinking of the pre-war era, when there was no social safety net, there was no NHS, pensions were limited, education ended at 14, economic well-being depended upon the vagaries of the market which was presumed to always deliver optimal outcomes, even if many suffered as a result, and wealth was always deferred to.

This is not just an economic policy that George Osborne is proposing, it is the re-establishment of an old world order where the rights of those with wealth are to be entrenched by the refusal of the state to intervene in ways that might challenge them ever again. To put it another way, George Osborne has announced open class warfare.

As a Quaker, who believes in peace, equality, truth and simplicity I think that sad, for he is rejecting these principles on which I think society should be built.

As an economist I think he is wrong, and that what he is announcing is (thankfully) undeliverable, which is an issue I will address in another blog.

As an observer of the UK political scene I hope that this gives rise to real and animated debate.

As a person I do wonder what might motivate such a reckless act.

But what most deeply troubles me is the untold pain that the attempt to deliver this policy will cause, all of which will be unnecessary.