

The deficit is just refusing to go away

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This was, according to George Osborne, to be one of those years when the deficit was going to really start going away. [Instead, as the FT reports:](#)

Public-sector net borrowing in the UK (excluding banks) rose to £12.1bn in August, defying expectations among economists that it would come in at a lower level of £9.2bn.

The figure, [released by the ONS](#) marked an increase of £1.4bn compared to the same month last year.

But in the financial year to date, which runs from April to August, borrowing dropped by £4.4bn to £38.4bn, compared to the same period in 2014.

Now you can just say this is unfortunate. Or a bump. Or you can say it is because George Osborne is fundamentally wrong, [as I did in July](#), when it comes to his economic forecasting.

The simple fact is that George Osborne cannot eliminate the deficit unless he either delivers growth (which is inconsistent with government cuts) or he can persuade consumers to borrow record sums, business to invest record sums, and UK business to export more or UK consumers to buy fewer foreign goods - with the last all happening at the same time.

These things are just not going to happen. There is no economic reason on earth why they should.

In that case the poor borrowing data says three things. The first is George got his economics wrong when doing cuts. Second, he got this forecasting wrong for the reasons noted. And third now if the time for Plan B. Except he has never had one.

It's easy to explain why the deficit is refusing to go away. Unfortunately the Treasury does not seem to be open to persuasion.

