

George's fatal flaws

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Today's spending review was pure political theatre. Little that was said and little that the OBR will print has much relationship with reality, but let me just highlight the key issues where the plans will fall down.

First growth has to be around 2.5% for five years. No economist I have spoken to today thinks that likely. We have a recession coming from the EU, China and the emerging economies, and, quite possibly another credit crunch. This forecast is wildly optimistic.

Second, there have to be £28 billion of new taxes with no down side on the economy when tax cuts are needed. But these new taxes are on employment and in the case of council tax are on poorer households. These are badly chosen.

Third, the existing forecasts for way above growth level increases in income tax and national insurance yield have to hold true - which requires vast numbers of the nation's self employed now earning about £11,000 a year on average to become seriously profitable, start paying tax and stop claiming benefits. That's as likely as me learning to speak Chinese by Friday.

Fourth, Mark Carney has to stop all talk of interest rate rises or the forecast fall in government debt costs won't happen. So Bank of England independence has just gone out of the window.

Fifth, the near impossible cuts have to be delivered on schedule.

Oh, and 1 million jobs paying more than the civil service have to be created despite the government cuts.

And last, nothing else at all untoward has to happen.

If all those things work then George Osborne is Prime Minister in 2020, not a doubt about it.

I spot one or two fatal flaws in that plan though.

And I really can't see what excuse can be given for failing this time if Osborne wants to succeed on 2020.

So so good luck George, but I think you've written the script for your own political obituary.