

# George Osborne's Ponzi scheme is about mis-selling Geor...

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I spoke on a panel at the British Chambers of Commerce conference yesterday. Mark Littlewood of the IEA, Jeremy Warner of the Telegraph and Polly Toynbee had much to say, but we all agreed that George Osborne was backing himself into a corner.

Start with his plan for balancing the budget. I [wrote about why he cannot achieve this last year](#), however much he might wish to do so. Martin Wolf questions why he might wish to [do so in the FT today](#):

*George Osborne wants to burnish his image as an iron chancellor of the exchequer. He has already committed to achieving a fiscal surplus by 2019-20. He now suggests that further tightening of fiscal policy may be needed in response to the "storm clouds" he identified when in Shanghai last week. Mr Osborne may be preparing for bad news in his Budget on March 16. The question is whether his plan makes sense. The answer is no.*

The whole panel agreed. This promise was an act of folly on George's behalf.

What did the panel agree on? That there is a need for infrastructure investment, although there was a sharp divide on who was to pay for it. But is that likely? Not according to Lorenzo Bini Smaghi, a former ECB board member, [also writing in the FT](#), who says:

*The fact that monetary policy is the only game in town is problematic. But if the central banks stopped playing their part, the sound of silence could suddenly become deafening.*

He was not only referring to the UK of course, but the condemnation of Osborne's lack of a meaningful fiscal policy is implicit in the deal.

As it is also implicit in Baroness Ros Altman's condemnation of his pension proposals, for which she will have responsibility if they are passed. The [FT note that in her case](#):

*Baroness Altmann, a former consumer campaigner, has come out against the idea,*

*which would take pension income out of the tax net.*

I have, I admit, little time for Altman but at least she has rumbled what Osborne is all about here, which is short term money grabbing. And, as the FT [also note that on this issue a](#):

*Giveaway to rich voters may be the only way to placate party critics*

I [forecast this, yesterday](#): it would be a gift to Labour.

More important is that in all this there is a theme. It is as if George Osborne, now unconstrained by LibDem presence in the Treasury, is creating his own policy Ponzi scheme as part of his own, flagrant, blatant and almost certainly forlorn hope to be leader of the Conservative Party. You could add the Brexit referendum into this, for he was, no doubt a party to the agreement to offer this to placate the Tory right. And all of the offers amount to the creation of a looming crisis for Osborne from which is now seems as if there is no escape.

Whatever happens the Brexit vote sidelines him; his desperate international please for support on an issue he could have avoided making him look the small man he is.

His failure on borrowing for a second time will be more damning.

And his money grubbing efforts because he persists with austerity and will not deliver the fiscal policy that the IMF and OECD demand and deliver the investment the UK needs and which is its only route out of its current mess will eventually alienate too many, whether it be pension savers on that reform, small business on forthcoming quarterly tax returns or the population at large as he buys off protest with tax cuts for the better off.

George's policy Ponzi is set to crash.

It won't be pretty for us when it does.

But it will be obvious.