

Sunak can't afford a pay rise for nurses because...

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Rishi Sunak gave evidence to parliament yesterday on his budget proposals.

According to the [Guardian](#):

Rishi Sunak has rejected criticism that his [budget plans](#) to repair the government's finances after Covid-19 were unrealistic, and insisted a 1% pay rise for NHS staff is fair.

The [FT, meanwhile, said](#):

A rise in global interest rates that could destabilise the UK's public finances is one of the risks that keeps him up at night, chancellor Rishi Sunak told MPs on Thursday.

Ignore, for a moment, the differing priorities of the two newspapers and concentrate on Sunak.

The pretence that he presents is that he cannot afford a pay rise for nurses (total cost less than £1 billion in his proposal) because of his fear that interest rates might rise and he will have to pay them.

There is in here the most enormous misrepresentation of the truth. As ever, Sunak would like to appear to be the victim of 'the markets', constrained in what he does by the forces of finance that are beyond his control. The claim that a 1% rise in interest rates will cost £25bn has become the defence against all claims for further spending and the justification for austerity.

I have addressed this issue before and I will unashamedly do so again. This representation of Sunak as a victim of the markets is not true.

First, Sunak sets interest rates. I know there is a pretence that the Bank of England does, but he can over-rule them. He might need to do so now.

Second, it is ridiculous to claim that the government is the victim in all this. The last decade has shown the exact opposite. The government can control both short and

longer term interest rates with considerable impact on actual rates precisely because it owns so much debt, and because of the structuring of that debt as a result of QE. If interest rates rise then this will be the result of a government decision. No one will be responsible.

Third, to be clear, most UK government borrowing is very long term. That means interest rate changes have almost no immediate impact on it in that case.

And fourth, the fact that the government has replaced £800 billion of its bonds with what are in effect deposit account balances held by the commercial banks with the Bank of England is also not a threat. I am well aware that if the Bank of England base rate has been paid on these accounts to date but that does not mean it has to be: the Bank of England is at liberty to increase base rate and pay a differing rate on these accounts if it so wishes and there is nothing that the commercial banks can do about it. They cannot even withdraw the balances. So, again, Sunak is misrepresenting the options available to him.

But it is terribly convenient to do just that. He wants an excuse for austerity and to crack down on the NHS. Suggesting that the owners of wealth - and their demand for unearned reward are the priority, which is what he is doing - has to be the most crass excuse for repression yet invented. The excuse is 'I am sorry I cannot pay you fairly for your work because I have to unfairly pay the wealthy the reward for not working instead'.

And that is precisely what he is saying. His argument is he will concede to the pay demand of the wealthy and punish those on whom we are utterly dependent to do so even though he has a whole armoury of tools available to resist interest rate rises. He is just going to refuse to use them.

No one should be fooled by Sunak. He is just another rentier capitalist out to fleece the state and those who work for UK for the benefit of the 1%.

There is something deeply rotten in the state of the UK. Have no doubt that Sunak is very much a part of it.