

The morning after the budget reveals a Chancellor witho...

Published: January 14, 2026, 7:28 am

The morning after the budget is always a moment of reckoning. For George Osborne it was when things usually began to unwind, badly. Do you remain the pasty tax? Philip Hammond also had such moments. Trying to increase national insurance on the self employed did not go well for him. So what of Rishi Sunak?

I have an overwhelming feeling of disappointment in Sunak's supposed budget of a lifetime. It was anything but that. This was a budget bereft of ideas.

First on tax, he did almost nothing. He is simply letting inflationary stealth increase taxes over time by not increasing allowances. This has been done before, which is going to be a recurring theme of all that follows. It's never been popular. It is regressive. We needed progressive tax change. We are not getting it.

The increase in corporation tax is radical. So radical that the two year delay seems very likely to see it abandoned in the meantime. That's my prediction.

And for now there is the so-called 'super deduction'. It's not been tried before. It was the only innovation in the budget. It is bound to increase investment, a bit. But will it really cost £25bn? I very much doubt it because business simply has not got the money to borrow to invest. Nor has it the will to either. Sunak may want a Covid bounce. Business is going to find it much harder to believe it is going to happen. And remember, 100% deductions were tried before. They did not deliver much of a bounce then. Nor will this new version, which smacks of desperation.

Will the National Investment Bank work? A bit, of course. But it's not new. We had one before and it was under-capitalised, was too small to make a difference, and was then sold. This one is also heavily under-capitalised and too small to make a difference. I suspect it will also be sold because of its lack of ambition in due course.

We had freeports before too. And they too did not work. Which is why the Tories under David Cameron abandoned them. All they delivered were giant sheds in places people did not want them where people did not want to work and where the absence of ideas

on what to do with them was staggering. Supply side reform in late financial capitalism does not work because all late financial capitalism wants to do is financial engineering and not actual engineering. These freeports will deliver quite lot of sleaze, and they will relocate some jobs, but will they unlock the country, as claimed? Not a chance. In a few years they will die a quiet death, as happened before.

On green issues, hydrogen appears to be it. Good luck with that. Maybe it is. But tying it to freeports seems certain to taint it.

And to describe the enthusiasm for a green bond as underwhelming is to be kind to it. Once the joke at Labour's expense had been made this one will be left to be quietly forgotten when the actual potential is enormous.

Presuming that the underpinning assumption of this budget holds true, which is that the coronaviruses that now exist in many forms have all signed up to Johnson's roadmap (and I note reports of rising cases in parts of the country this morning) the budget might not need immediate revision unlike all Sunak's previous attempts, by which I mean complete replacement within three months. Personally, I think that requirement more likely than not. But presuming it does survive, what to think of it?

This was an uninspired budget from a chancellor who seemed almost entirely out of ideas.

The tax changes required to tackle inequality and release demand did not happen.

The tax bung to big business was untargeted and likely misdirected.

The green aspirations were very weak.

The National Investment Bank is a John McDonnell idea that I have been promoting since 2008. It is being massively underdone.

And there was nothing for state services.

Overall, this was a chancellor standing back and saying in despair 'what can I do?' The answer, of course, was 'a great deal'.

But he did not do it. There was no strategy for the state, and there was no strategy for state intervention.

There was dishonesty on debt, which is not rising as he claims.

There was dishonesty on tax increases, which are happening, despite his claims.

The environment was ignored.

Eight freeports do nothing for jobs in every constituency, which is what are needed.

The extended Covid wind down shows he fears growing unemployment. The withdrawal of universal credit support, timed for when that unemployment will hit, shows he neither cares or has a plan for what to do. He is indifferent to those in need.

If this was an opportunity it was wasted. We will pay a very high price for that.

But also note the bigger issue. Financial capitalism is out of ideas. So too are its political representatives. Something has to change. We cannot continue like this.