

The UK cannot afford Sunak: he is a massive threat to o...

Published: January 13, 2026, 8:46 am

It was [claimed in the Guardian yesterday](#) that Rishi Sunak had written to the prime minister to ask for a relaxation in Covid travel regulations. He had. The populist in No 11 was trying to out-popularise the populist in No 10. You could not make up the scale of Covid recklessness on display when debate should be on new mitigation measures.

But that was not the real reason for Sunak's letter. What that was actually about was the economy. What he was really signalling was that The Treasury is in full austerity mode. What Sunak wants is the end of pandemic spending. To do that he has to signal that he thinks that the pandemic has ended, even though it glaringly obviously has not.

Sunak wants furlough to end, even though he knows this will significantly increase unemployment.

Sunak wants to cut universal credit even though [his own backbenchers are indicating this will result in very real hardship in the UK](#).

Spending cuts are to be demanded. As I suggested in the Byline Times last week, austerity is very definitely on the way back:

<https://bylinetimes.com/2021/07/28/the-cost-of-covid-loans-and-ppe-an-augury-of-more-austerity/>

What is this about? It is about maintaining 'The Treasury View'. I referred to [this in the Twitter thread yesterday](#), saying:

The 'Treasury view' which means that whenever someone proposes something for the good of society we apparently can't afford it has to be shattered.

For once, what that view is is pretty well summarised on Wikipedia, where it is noted that:

In macroeconomics, particularly in the history of economic thought, the Treasury view is the assertion that fiscal policy has no effect on the total amount of economic activity

and unemployment, even during times of economic recession. This view was most famously advanced in the 1930s (during the Great Depression) by the staff of the British Chancellor of the Exchequer. The position can be characterized as:

Any increase in government spending necessarily crowds out an equal amount of private spending or investment, and thus has no net impact on economic activity.

In his 1929 budget speech, Winston Churchill explained:

The orthodox Treasury view ... is that when the Government borrow[s] in the money market it becomes a new competitor with industry and engrosses to itself resources which would otherwise have been employed by private enterprise, and in the process raises the rent of money to all who have need of it.

The idea is then that the state produces no value, and that only the private sector does.

The further idea is that there is only a limited amount of money and if the state uses it the private sector cannot, meaning that growth is necessarily harmed.

This, of course, is completely wrong. Churchill spoke when we were on the gold standard. But now we have a fiat currency, and the only constraint on the money supply is full employment at a living wage, which we are very far from achieving.

What is more, there is not a shred of evidence that there is any shortage of capital available to business right now. All business is absent of ideas.

And to suggest the state does not add value in this era is an insult.

This is, however, an insult with which it seems Sunak is happy to be aligned. And it is his aim to act now as Churchill did in 1929.

We know how that ended. It's not often noted how Churchill's economic incompetence helped drive the UK to the Great Recession, but his decision to return to the gold standard in 1925 undoubtedly played a major role in that.

Now Sunak wants his own great recession, whether working for Johnson or in his own account, given that his ambitions are so obvious.

There is one thing I can say with confidence. It is that the UK cannot afford Sunak. He is a massive threat to our well-being. And that threat is entirely dogmatically driven.

There will be trouble ahead.