

Sunak: a Chancellor without a moral compass or an under...

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Yesterday's speech by Rishi Sunak was, as I mentioned in a tweet I posted just after he spoke, almost entirely vacuous when it came to policy content. Almost unbelievably he had no announcement of any new initiative to make in a half hour speech. That may be unprecedented in the history of Chancellor's speeches, and I have watched them for more than four decades.

What was more interesting was what Sunak did have to say. There was the inevitable populist, nationalist jingoism. There was also a great deal that was about Sunak's claim to be prime minister-in-waiting. After his performance yesterday I would suggest he has a lot more to do, except for the fact the Liz Truss apparently did even worse in her speech. But what was important was the economic logic on display.

Two themes stand out. The first is that it is, apparently, immoral for a government to do what he describes as borrowing. Let's ignore the fact that this government has hardly borrowed a penny whilst in office. It has instead created about £450 billion of new money to pay for the coronavirus crisis, none of which need be repaid and all of which sits as additional bank deposit accounts on the balance sheets of UK banks, making them considerably more resilient as a result. What is immoral about that is hard to determine.

I might also mention that, as I have noted time and again, [most UK government borrowing has been by the Tories](#), by far. That sits a little uncomfortably with Sunak's argument.

Whilst the choice Sunak is making, with its implicit claim that balanced budgets are virtuous even if at cost to the sick, the poorest, to education, to justice and to care, stretches the usual definitions of morality to its limits. Frankly, you need to have a pretty perverted world view to come up with this definition of morality. I think Sunak might have a problem selling that worldview to the country.

Then there is the second theme, which is that people need more money and it is the job of their employers to provide it. I can agree with this, in principle. The shift in the share

of GDP from labour to capital has been dramatic over the last few decades and now amounts to maybe hundreds of billions a year. But just saying employers must pay more is absurd. The reality is that this shift has not happened so much within employment generating business, but within the non-employment generating (in the main) parts of the economy. They are the rental economy, the IT economy (where software rental is now massively extractive) and in banking, where financial services have sucked the financial resources of many. This is where the excess profits are made, and not many people are employed. As a result Sunak's appeal has little chance of being heard because employers in this area are as vulnerable to being abused by rentiers as are their employees; look at the fate of Morrisons as evidence of that. Sunak has not a hope then unless he moves against the sectors that have given him and his family their wealth, and I really don't see that happening.

What was this speech about then? The best summary might be that it was a bankrupt philosophy in search of filling half an hour. What is worrying is that the purveyor of that philosophy is in the Treasury. We are in trouble, and nothing suggests Sunak has a clue how to get out of it.