Funding the Future

The Tories want to end the cost of living crisis withou...

Published: January 13, 2026, 3:41 am

As Politico notes this morning:

Boris Johnson will hold a Cabinet meeting this morning where he will order his senior ministers to get to grips with the cost of living crisis squeezing the nation ahead of the local elections.

As they add:

The summit represents Downing Street's attempt to assert some sort of control over the news agenda and move it away from the Partygate woes of the past few weeks, back onto the "things that matter."

Contextually they note:

[This] could be seen as a tacit admission that the government's previous efforts on the cost of living — so far summed up by the rough landing for Chancellor Rishi Sunak's spring statement — have not been sufficient.

What's the goal?:

Downing Street will be hoping for broadcast bulletins this morning talking about how the government is working hard to see what else can be done.

There is a catch. Apparently:

Crucially [ministers] must "ease living costs without solely relying on new government spend." Perhaps the key line of the briefing is that ministers will be urged to look for more "non-fiscal measures" to help.

Why is that? Because:

Sunak is still winning the spending battle judging by this statement: "High levels of public debt following the unprecedented support provided during the pandemic, *together with rising inflation and interest rates, mean we must maintain control of the public finances rather than burden future generations with higher debt."*

The contrast with the policy that Danny Blanchflower and I laid out at the weekend could not be starker. We saidthat the government must:

* Admit we have a crisis. Face up to the reality of this in other words, and stop saying this is just a cost-of-living issue but call it what it is: a full-blown economic meltdown.

* Cut bank interest rates. The Bank of England needs to reverse its disastrous policy now. They are making things much worse than they need be.

* Cut taxes - especially those on the lowest paid. NI should be cut more. Income tax for the lowest paid could be cut (the rate, and not the allowance) and VAT cuts are required.

* Raise benefits - and not just universal credit, but all in line with current inflation.

* Create jobs - which is where green issues come into play as they are easy to create and the payback is high. We are going to need those jobs very urgently soon unless action is taken now.

* Align UK rules on goods with the single market to save business money and to stop the excessive costs that are fuelling inflation. Poverty is a price not worth paying for rule non-alignment and the chaos they are causing.

* Pay for this with tax increases on the best off and especially on capital where inflation is a real issue and where nothing else can work; by changing tax rules to redirect savings to investment; by using QE which has never so far created inflation, and by letting the deficit grow, because having a deficit is vastly better than having people in need.

The government is going to go nowhere near that.

Now, will Labour?