

Sunak has been set up to fail and the likelihood is tha...

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I posted [this thread on Twitter](#) this morning:

Rishi Sunak could be a great prime minister. That possibility cannot be denied. Equally, the probability that he will be is very small. A thread...

History does not suggest that many prime ministers appointed mid-term with their predecessor having failed turn out to be great. Sunak has two failed predecessors. That's really not good.

That Sunak is petrified of the role he is taking on does not help. How do I know he is petrified? First, he spoke to no one during this campaign, not even MPs. Second, his speech to Tories at their HQ yesterday was as wooden as anything Truss has done. He is already overwhelmed.

Third, the issues he has to address justify his feeling overwhelmed, given the near impossibility of appeasing his backbenchers on almost any of them. They could all be solved, but not by a Tory.

They include:

- Brexit, which does not and never will work.
- Devolving Northern Ireland, to which Tories have no answer.
- Scotland, which is leaving the Union, to which Tories have no answer.
- Covid, which is straining the NHS with more cases than ever.
- No progress on climate change.

Then there is:

- Inflation, which is not caused by wage demands, meaning what the government and Bank of England are seeking to do by raising interest rates is the wrong solution to the problem we face.
- Strikes, because people need inflation matching pay rises to survive.

Top that with:

- A cost of living crisis, which inflation policy is not addressing.
- Officially encouraged interest rate rises that massively increase the scale of the cost of living crisis. Millions of British people face poverty and even financial destitution as a result.

It's fair in that case to assume we will have:

- An increase in homelessness as people cannot pay their rents or mortgages.
- Overwhelmed food banks.
- Hungry children, who might be homeless too.

Mix into all this:

- The fact that vast numbers of small businesses are in deep trouble because of interest rate increases and because people who can't pay their mortgages or rent have nothing left to spend on anything else.
- Unemployment is going to increase as a result.

Then note the problems for a man wanting to balance the government budget:

- Record NHS waiting lists.
- A failing court system.
- Social care beyond breaking point.
- Education stretched to its limits.
- Increased defence demand.
- An alienated civil service.

Nothing can be cut.

Sunak's own policies are only likely to make this worse:

- Unemployment is forecast to increase significantly by the Bank of England.
- Universal credit costs will rise.
- Falling real wage increases push up benefit claims.
- Increasing rents require more benefit payments.

The current cost of living crisis will also cut some tax revenues in real terms.

- Rents, mortgages and food will be a bigger part of spending. None have VAT on them.
- Energy has low VAT.
- Companies not making profits don't pay tax.
- Nor do most unemployed people.

Sunak won't be balancing any books any time soon then. But he has to:

- Keep markets happy because that is apparently his main job.
- Fill a supposed 'black hole' in government finances without creating new money, which he did during the Covid era.

Sunak has to succeed despite these constraints:

- Crazy demands from across the Tory party, that are irreconcilable.
- Demands for balanced budgets that are exactly the wrong economic policy for this moment.
- A kamikaze Bank of England intent on crashing the economy.

There are policies Sunak could use to address the issues he faces. He could:

- Use QE to fund spending to address the cost of living and continuing Covid crises, quite legitimately. Tell the Bank of England to hold or even cut interest rates.

He could also:

- Massively reduce the interest paid by the government to banks in their funds held at the Bank of England.
- Change the rules on ISA and pension saving to provide funding for a £100 billion a year Green New Deal to deliver sustainability and beat recession.

And he could:

- Give the public services and their staff the funding it needs.
- Pay public sector employees inflation matching pay rises to stop them leaving, for good.
- Raise taxes on energy companies, banks and the wealthiest to pay for this, with ease.

But the Tories won't let Sunak do these things. They will instead demand the impossible from him. Markets might do the same. His inability to challenge the madness at the Bank of England will undermine him. His own lack of a mandate is fatal.

Sunak could not have been better set up to fail by anyone. And I suspect he will fail. But that is not because this country's problems cannot be solved. They can be, but not by a Tory constrained by that party whilst he is in awe of markets and the Bank of England.

Sunak's task is impossible because of the constraints imposed on him and those he has chosen. And we will all pay an enormous price for that.