

What Truss got wrong

Published: January 12, 2026, 9:12 pm

There must be some politically aware, people who have not seen or heard of Liz Truss' 4,000-word article in the Sunday Telegraph today, in which she seeks to justify her period in office as prime minister, and seeks to blame absolutely anyone but herself for the failure of her administration.



I read and reflected on the article so that I could be interviewed on it by Ben Kentish on LBC this morning (just after 9am). And, to be fair, I have tried to be as balanced, as I can be about what Liz Truss had to say. So, let me put it on record that there are some things that she Truss said which I believe to be true.

First, the UK does suffer, as she said, from an economic hegemony. It emanates from the Treasury and says that the status quo must be reinforced on all occasions, whether that is appropriate or not, and whether it delivers the policy objectives that the government and the country require, or not. Welcome to neoliberalism Liz Truss! Some of us have known about it for a long time.

Second, I believe that she was not warned about the risk to her plans from liability-driven investment programs within the UK's pension funds. I entirely believe her about this because I have little doubt that this particular crisis was not created by the mini-budget issued by Kwasi Kwarteng on 23 September 2022. It was instead almost entirely created by the announcement by Bank of England, Governor, Andrew Bailey on 22 September 2022, that he was about to launch an £80 billion quantitative tightening programme. That would require persistent long-term high real interest rates which markets knew would be unsustainable within the UK economy and which would, as a result, undermine the whole of the liability-driven investment program that had been pursued by many UK pension funds, which was entirely dependent upon stable interest rates. There can be no doubt that Liz Truss compounded this problem, but she did not create it.

Thirdly, she did not appreciate just how averse the Conservative party were to tax cuts and cuts in regulation. Staggeringly, I believe that to be true, although it does not, of course, say much about her ability as party leader, or her power of observation after years within the Cabinet.

Thereafter, this whole essay is delusional. She believes that corporation tax cut to pay for themselves, even when the corporation tax rate in question was 19%. This is Laffer curve thinking gone mad.

She believed that the country needed to pay lower state pensions, and state benefits, deliberately leaving the most vulnerable in society economically worse off whilst simultaneously providing tax cuts for the rich. Worse, she believed that this would stimulate growth, which anyone with the slightest comprehension of the multiplier effect would know to be completely bizarrely incorrect.

And she believed that cutting regulation would stimulate growth when it is very apparent that cuts in regulation have already harmed this country enormously as we have broken away from the European Union and when it is clear that further deregulation can only give rise to trade wars with that bloc, and maybe others. What is more, she believes that for the IMF to undertake a distributional analysis of what she was proposing was a political act and not an economic one as if, somehow how resources are allocated between those with differing wealth within society is not an issue for economics, but is one purely for the political domain. She really is detached from reality.

Her final suggestion, that her government was brought down by a left-wing coalition made up of the Treasury, the Office for Budget Responsibility, the International

Monetary Fund, the financial markets, the City of London, the Bank of England and bond traders can only have been created by a fevered far-right-wing mind, so removed from the reality of the country that she proves by making the claim how unsuited for office she was.

That is an impression compounded by the fact that no time does she offer any recognition that the brevity of the announcements made by Kwasi Kwarteng, which provided no analysis of the funding implications of the decisions they made was a major factor in fueling the uncertainty that gripped financial markets after their delivery.

The simple fact is Liz Truss really did not know what she was doing when prime minister. She did not understand politics. She did not understand economics. She did not understand her own party. She did not understand the political economy of power within Westminster despite at the time being the longest-serving Cabinet minister in office. And, most critically, she did not know how to communicate her supposedly radical message to any of the deeply sceptical communities that she wished to persuade of its merits. She was, in other words, a failure at the job she took on.

Let me reiterate though the fact that there are some issues about which she was right in her essay. The first of these is that the Bank of England is out of control. It is, as a matter of fact.

The second is that there is an economic hegemony within the UK which is deeply prejudicial to its well-being. The neoclassical/neoliberal viewpoint (and I see them as the same) that exists to support the existing hierarchies of power within our society is deeply embedded within the power structures of this country, precisely because those hierarchies of power that it supports do not wish to be challenged by any other thinking. She was always going to fail in any attack that she might mount on this hierarchy of power from the right, most, especially when her challenge was so ill-informed, but, as importantly, any challenge to this hierarchy of power from the left will also be poorly received. We know that from the Corbyn era. So, whilst the challenges are necessary, the lesson to be learned is that when it is made it has to be incredibly well thought through, and be carefully scripted so that those to whom it has delivered understand precisely what it is trying to achieve.

Truss was then, right about one other thing, which is this country faces, an enormous economic threat, which the status quo is entirely unwilling to address. What she got wrong was that her fantasy right-wing world offered any such alternative.