

The morning after the budget.

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The morning after is always a time for reflection. Once the heat of the day has passed what is left to muse on? This is as true for budgets as anything else. So what is the message from yesterday?

I suggest there are five. First, this was a budget for wealthy people. I have been complaining for a long time about the near ££60 billion a year silent subsidising pension contributions, at least half of which goes to the top 10% of income earners, with the 1% getting a significant part in that. That cost was inflated by £1 billion yesterday to supposedly get 15,000 people back to work at a cost of £66,000 per job per annum. This was quite absurd, as was the uplift in permissible annual pension contributions to £60,000 a year. The £1 billion cost was enough to have solved the junior doctors' pay dispute, and that opportunity was not taken.

Second, this was not a budget for the low paid. Student nurses do not earn enough, for example, to qualify for the new childcare provisions. Nor will many on universal credit who cannot work more than 16 hours a week. This was a budget biased against those most in need.

Third, the budget was biased to big business. A £9bn tax giveaway to it (but not to smaller business, for whom there is a cost) was quite extraordinary. No wonder, as I noted yesterday, that corporate profits take a disproportionately large part of the forecast growth in GDP.

Fourth, this was a budget that will harm the environment. To suggest nuclear power is sustainable when no one has, after 70 odd years of its use, no clue how to dispose of its waste safely in the long term and most plants are built in places likely to be submerged by global warming, is absurd. The investment would give a vastly better return in tidal power, but as ever the UK government chose to back the wrong technology, being wedded to old notions of power, quite literally in this case.

Fifth, this was a budget for recession. I discussed this yesterday, but it is worth repeating. If the government cuts its growth to a rate less than inflation and expects

less than inflation rate pay rises then it matters little that profits might rise excessively because they will not spill over into serious growth via multiplier effects, whilst consumer spending and government spending which would do that are not available to drive that process. That means we cannot have growth. Add to that a commitment to high real interest rates and the Bank, of England doing quantitative tightening and this budget was one for economic recession.

In summary, this was a budget serving the usual vested interests that showed neither the capacity to think a way out of recession or a desire to even start that thinking process. The pursuit of class war and hatred of public services was written large all over this budget. Surely people are not going to fall for that again? Or will small boats save the government?

And so, a quick poll:

[poll id="18"]