

Liz Truss and Kwasi Kwarteng have made a declaration of class war

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This unofficial budget is morally indefensible, economically reckless and so risky it suggests a political death wish



She makes Margaret Thatcher look like a moderate and Ronald Reagan seem positively wet. Liz Truss has embarked on an ideological project so extreme that the de facto budget announced by her chancellor today amounts to a declaration of class war. It was a reverse Robin Hood: taking from those who have least, lavishing gifts on those who have most. It is morally indefensible, economically reckless and so politically risky as to suggest a death wish.

Trussonomics rests on a simple article of faith: that by rewarding the already wealthy, life will improve for everyone else. Trickle-down economics, they called it back in the 1980s, and it didn't work then. Now it's back in a form more stark, more extravagant, than even its most ardent apostles ever dared contemplate.

The generosity towards the amply blessed was breathtaking. Kwasi Kwarteng's totemic move was the removal of the cap on bankers' bonuses – as if the number one problem confronting Britain today was that bankers aren't rich

enough. It'll be Cristal magnums all round in the City, obviously, but Labour HQ should also raise a glass: they've just been handed an attack line that cannot fail. The Conservative predecessors of Truss and Kwarteng had no principled objection to letting bankers receive telephone-number bonuses, but held off because they knew the optics were so screamingly awful. The new duo has no such restraint.

And so they have delivered the biggest tax cuts in half a century, outstripping the landmark Nigel Lawson budget of 1988 – and their largesse is aimed squarely at the top. Kwarteng decided it was those in the highest tax bracket who needed help, so he abolished the top rate altogether. That will hand an average £10,000 to the highest-earning 600,000 people in the country: literally the one per cent.

The chancellor cancelled a planned increase in corporation tax: more good news for the boardroom. Even the scrapped rise in national insurance will benefit the highest earners most. (As for social care, which desperately needs the money that NI rise was going to pay for, who knows where that cash will come from – if it comes at all.) Little wonder that one of the earliest cheers for Kwarteng's unofficial budget came from the Wealth Club, which offers investment services to those of "high net worth". They loved it.

We shouldn't forget what remains the largest fiscal move of the Truss administration, even if it was announced nearly two weeks ago: the £150bn to be spent on freezing energy bills. To be sure, that will benefit everyone, but guess who's going to pay for it. It could have been a windfall tax on the gargantuan, unearned, excessive profits of the fossil fuel giants, which have seen billions fall into their laps thanks to the surging price of oil and gas caused by Vladimir Putin's squalid war on Ukraine. That was the pot of money that could, and should, have helped hold down energy bills.

But Truss and Kwarteng preferred to protect the energy companies and to borrow instead. That will rack up a debt that will have to be repaid by the taxpayers of today and tomorrow. Those in the new administration had a choice. They could have taxed BP and Shell, but they chose to place the burden on ordinary families. So no more talk from them, or any Conservative, of being "on the side of taxpayers". This government has shafted taxpayers and their children.

Still, class war is never just about looking after your own. It's also about hurting the enemy. So the chancellor made sure to announce that the unemployed will see their benefits slashed if they can't prove they're searching for more work. And even though the trade unions have a fraction of their former strength, Kwarteng promised legislation to shrink workers' ability to act together yet further. No matter how little cash or power the neediest have held on to, the sheriff of Nottingham is after it.



The moral case against Trussonomics is compelling, but some of the most trenchant opposition to today's announcements came not on grounds of compassion or fairness, but hard-headed economics. Analysts were struggling not to be rude, as they examined a package of measures whose premise has been thoroughly discredited by historical experience. The notion that cutting taxes for the wealthiest fuels growth to such an extent that "tax cuts pay for themselves" is a theory for which there is scant evidence. It's likely that the Office for Budget Responsibility would have made this point, had it not been silenced by Truss, apparently anxious to avoid independent scrutiny of her plans.

Even stout defenders of Thatcherism and Reaganomics balk at the comparison with their heroes. Truss may have forgotten that Thatcher's early cuts to income tax were balanced by a near doubling of VAT: the first female PM was a fiscal conservative who wanted the country's sums to add up. As for her 1988 tax cuts,

they came only once inflation was low and the economy growing. Reagan cut taxes and massively increased the US deficit, but he too acted at a time when inflation was coming under control.

By contrast, Kwarteng's stimulus package, designed to jolt the economy into growth, arrives alongside soaring inflation: it's throwing petrol on the fire. That will push the Bank of England to raise interest rates, which will make life perilously hard for those with a mortgage. Some may not be able to keep up with steeply increased monthly payments – a danger to which the government is apparently oblivious. Meanwhile, government borrowing is getting more expensive – the cost of it leapt even as Kwarteng spoke – and the value of sterling is plunging. When Elizabeth II was crowned, a pound bought \$2.81; in the month of her death, it buys less than \$1.10. That is the markets' verdict on what today's Britain is worth.

As for the politics, perhaps people will be so happy with the extra £330 they get from the cancelled national insurance rise, they'll overlook the fact that the Tories are handing at least 30 times that sum to the wealthiest one per cent. It's possible they'll just be grateful their energy bill is capped. Maybe that's how these things work. Alternatively, the Truss government has just written the script for Labour's next election campaign. It has offered up one vivid target after another. How can Tory MPs look "red wall" voters in the eye and defend uncapped bankers' bonuses, giveaways for the richest and excess profits for the energy giants, while people struggle with shrinking wages, rising prices and impossible mortgage payments?

Truss and Kwarteng need a growth miracle, an adrenaline injection into the economy that turns things around in less than two years. Miracle might just be the right word, because this is not a policy grounded in reason – it is an act of near-religious faith, one that would have made even its patron saints choke. It also violates the most basic notion of fairness. What a sight to behold: a government that spent 10 days of national mourning piously extolling British values now trampling all over them.