

The cheque book Chancellor who can't say no

R

ISHI Sunak was bragging yesterday that his energy support package was “more generous” than anything Labour had proposed.

The City would be fine with that as long as it was just politics, as long as in the private meetings where the real talk happens, there was at least a nod and a wink to show that his ambition remains to be less generous, not more.

Instead, whatever his personal instincts, it seems clear to folk in the Square Mile that Sunak is going to remain the cheque-book Chancellor.

The kind view is that, politically and economically, he has very little choice. Times is hard.

But two questions are pressing the City; 1) When does this stop? 2) What is the point of the Conservative Party, if not to show fiscal prudence? To say no to the children, at least some of the time.

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Back in 1989, then Chancellor John Major said of his inflation control plans: "If it isn't hurting, it isn't working."

It is impossible to imagine Sunak or the Prime Minister saying the same.

The windfall tax on the oil and gas giants is problematic, not because of the money, but because of the mixed messaging.

Handled correctly, the oil majors might have happily paid, if they were free to go about as they please otherwise.

Instead the tax rise is linked to an "investment allowance". So they get taxed and they got told what to do, in some cases over decades.

A tax or an investment commitment was fine; both looks harsh and difficult to manage.

Former minister John Redwood said: "It's bad politics because if Britain gets a reputation of being the place where you come and invest, you lose money and you keep the loss, and you come and invest you make money and the taxman takes a big extra chunk of it."

He's right.