# Jeremy Hunt reveals behind-the-scenes battle correcting Truss’s mini-Budget crisis



A message from an unrecognised number appeared on my phone, igniting a cascade of disbelief. “Liz Truss here. Please can you give me a call?” The Prime Minister had only been in Downing Street for a little over a month, and I was still grappling with my own political career after a disappointing summer leadership contest. At that moment, I was holed up in a hotel in Brussels promoting a book about the NHS, unaware that a significant shift in my political trajectory awaited.

Having received confirmation that this message was genuine, I was quickly connected to Truss, who was grappling with the fallout from her controversial mini-Budget—an ill-fated economic package that had sent the British pound spiralling and investor confidence crashing. Our political paths had never aligned; she hadn’t supported my leadership bids, and I certainly hadn’t backed her during the tumultuous transition that had culminated in her becoming Prime Minister. However, on this occasion, what she sought was straightforward: I was to step into the role of Chancellor, following the rapid dismissal of Kwasi Kwarteng after just 38 days in office—a record for the UK.

It was a moment fraught with peril. The mini-Budget had proposed £45 billion in unfunded tax cuts, igniting a crisis that markets dubbed the “moron premium”, reflecting the punitive yields that investors demanded from UK bonds. The immediate task at hand was daunting: we were faced with a financial black hole of £72 billion, a shortfall that equated to more than two per cent of GDP—figures that ultimately indicated a need for both drastic spending cuts and tax increases.

Before assuming my new role, I wrestled with the implications of this unexpected appointment. Confronted by my wife, Lucia, who had previously supported my endeavours in frontline politics, I recounted Liz Truss’s surprising offer to become Chancellor, expressing both astonishment and anxiety. We deliberated the immense honour associated with the position, tempered by the realization that I might become the shortest-serving Chancellor in history. Nevertheless, I felt a profound responsibility to accept, imagining the adventure it would provide our children, now on the precipice of moving into one of the nation’s most famous addresses, Downing Street.

Arriving at the Treasury, I encountered the team of civil servants—formidable negotiators with stark reputations. They were keen to aid but wary, grappling with the market turmoil left in the wake of the previous Chancellor's disastrous mini-Budget. As we convened around the table, I realised it was imperative not to blindly adhere to Treasury orthodoxy. Instead, I envisioned a collaborative approach, unearthing innovative strategies amidst the chaos.

Despite the pressures—an economy on the brink, a disgruntled party, and a reputation as a complete novice in economic matters—I opted for a clear communication strategy. The markets needed reassurance, and hesitant plans to reverse many of Kwarteng’s proposals emerged. My first day culminated in a Cabinet meeting where I was met with palpable hostility; the bond between party loyalty and disparity within the Conservative factions was unmistakable.

As the unfolding weeks illustrated, my role became pivotal in stabilising the UK's finances. Under Truss’s misguided leadership, a series of reversals began to take shape, one of which was the cancellation of the corporation tax cut. This move, initially received with skepticism, was part of an urgent effort to restore fiscal credibility. By the time of my first significant media engagements, market responses began to stabilise, leading to early signs of economic recovery.

Yet the momentum was fragile. By the end of my first week under the new capacity as Chancellor, I understood that my tenure could swiftly be drawn to a close, especially considering Truss’s announcement that she might step down. Our conversations in private were laced with a mix of urgency and personal recognition of her struggles amid political chaos. “You need to make sure your successor is in place within a week,” I advised her, recognising how vital it was for the markets to see decisive action.

On that challenging journey, I witnessed the unravelling of one government, but also the potential for revival under new leadership, should Truss devise a well-structured exit strategy. In rapid succession, she announced her resignation, drawing a swift curtain on her premiership remembered for its unprecedented brevity.

As events unfolded, my immediate focus turned to ensuring a sustainable fiscal pathway. The challenges were far from over; inflation surged, and the cost-of-living crisis loomed large. While I had managed to convert a staggering £72 billion deficit into a much-discussed surplus, the conditions surrounding my appointment highlighted the volatility of the UK’s past economic policies. The long-term repercussions of Truss's mini-Budget—a clear communication failure—remained rooted in the economic fabric of the nation.

In retrospect, my brief foray into the spotlight as Chancellor certainly addressed immediate fiscal turmoil, yet it was overshadowed by the inextricable link between political misadventures and economic realities. The chaos of Truss’s tenure has left indelible marks on the Conservative Party's reputation, exacerbated by challenges stemming from the pandemic and ongoing geopolitical tensions. As the upcoming general election approaches, the burden of navigating these crises will inevitably reflect on the choices made under our stewardship.

In the ever-evolving landscape of UK politics, lessons learned from the Truss administration resonate widely, reiterating the importance of prudent fiscal management and clear communication in the face of turbulence. The question remains—will the balance ever be restored, or will history continue to echo the highs and lows we have witnessed?

## Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/news/article-14743547/JEREMY-HUNT-Liz-Truss-called-boudoir-shed-created-No-10-told-quit-urged-quickly-gave-awkward-hug.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/7bad4783-e6d1-4776-8fa7-4188bbb9d86f)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/news/article-14743547/JEREMY-HUNT-Liz-Truss-called-boudoir-shed-created-No-10-told-quit-urged-quickly-gave-awkward-hug.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://time.com/6222642/jeremy-hunt-uk-finance-minister/)
* Paragraph 3 – [[4]](https://www.axios.com/2022/10/20/liz-truss-uk-prime-minister-resigns), [[7]](https://news.sky.com/story/jeremy-hunt-there-were-mistakes-in-mini-budget-and-some-taxes-will-go-up-12720824)
* Paragraph 4 – [[2]](https://www.ft.com/content/7bad4783-e6d1-4776-8fa7-4188bbb9d86f), [[5]](https://www.ft.com/content/9279f456-bc17-460a-91af-de9df90b284e)
* Paragraph 5 – [[5]](https://www.ft.com/content/9279f456-bc17-460a-91af-de9df90b284e), [[6]](https://en.wikipedia.org/wiki/September_2022_United_Kingdom_mini-budget)

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## Bibliography

1. <https://www.dailymail.co.uk/news/article-14743547/JEREMY-HUNT-Liz-Truss-called-boudoir-shed-created-No-10-told-quit-urged-quickly-gave-awkward-hug.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/7bad4783-e6d1-4776-8fa7-4188bbb9d86f> - The UK is still grappling with the fallout from former Prime Minister Liz Truss’s brief tenure and her controversial economic policies encapsulated in the September 'mini' Budget, which proposed £45bn in unfunded tax cuts. The announcement triggered a loss of investor confidence, escalating government borrowing costs and tanking the value of sterling. This instability led to what markets dubbed the 'moron premium'—a term highlighting the extra yield investors demanded to buy UK government bonds during the Truss administration. Although current Prime Minister Rishi Sunak and Chancellor Jeremy Hunt have largely restored fiscal credibility, leading to stabilized bond yields and a stronger pound, the mortgage market remains strained. Average rates for two- and five-year fixed mortgage deals remain elevated due to lenders' reduced competition and increased profit margins post-crisis. The Bank of England expects 4 million homeowners to face higher mortgage costs in 2023, averaging an additional £3,000 annually. Experts suggest the mortgage market will take much longer to recover fully. While reputational damage persists, one positive outcome is a renewed awareness among politicians nationally and internationally of the dangers of irresponsible economic policy-making.
3. <https://time.com/6222642/jeremy-hunt-uk-finance-minister/> - Jeremy Hunt, appointed as the UK's finance minister by Prime Minister Liz Truss, is seen as the country's most powerful politician. Hunt replaced Kwasi Kwarteng, who was dismissed after just 38 days following a controversial mini-budget that included unfunded tax cuts, causing market turmoil and a significant drop in the British pound's value. Hunt, known for his extensive political experience and previous leadership bids, aims to stabilize the UK's finances by retracting most of Kwarteng's tax cuts and shortening the duration of the energy price guarantee. Hunt's measures have initially calmed markets, as reflected in the rise of the British pound and decreased government borrowing costs. Despite this, experts warn that these measures might only provide temporary relief amidst ongoing economic challenges, including a cost of living crisis influenced by external factors such as the war in Ukraine and pandemic-related supply chain disruptions.
4. <https://www.axios.com/2022/10/20/liz-truss-uk-prime-minister-resigns> - U.K. Prime Minister Liz Truss announced her resignation on Thursday after 45 days in office, making her the shortest-serving prime minister in British history. Her resignation followed six turbulent weeks marked by a controversial tax plan that unsettled financial markets and triggered a series of political upheavals within her party. Truss acknowledged her inability to fulfill the mandate on which she was elected and indicated that her successor would be chosen within a week. Her term saw the resignation of Home Secretary Suella Braverman and calls from senior Conservative members for Truss to step down, further compounded by a plummeting pound and declining approval ratings. Despite her brief tenure, Truss is entitled to a taxpayer-funded allowance of $129,000 annually for life. This political turnover follows the U.K.'s ongoing post-Brexit identity crisis, now leading to its fifth prime minister since the 2016 referendum.
5. <https://www.ft.com/content/9279f456-bc17-460a-91af-de9df90b284e> - Britain's top civil servant, Simon Case, has supported Chancellor Rachel Reeves' stance that she must make challenging Budget decisions due to the dire state of UK's public finances, exacerbated by previous Conservative government actions. Case highlighted the lack of updated departmental budgets since the 2021 spending review as a cause for current spending pressures. Reeves claimed to have identified a £22bn 'black hole' in public finances, prompting difficult measures such as cutting winter fuel payments, scrapping road and rail projects, and considering tax hikes and welfare cuts. Former Chancellor Jeremy Hunt denied leaving a £22bn deficit but acknowledged the need for a new spending review post-general election. The situation is magnified by higher-than-expected inflation and previous financial decisions, notably from Liz Truss's mini-Budget in 2022. The Cabinet Office defended Case's letter as factual, addressing questions raised by Hunt.
6. <https://en.wikipedia.org/wiki/September_2022_United_Kingdom_mini-budget> - On 23 September 2022, the Chancellor of the Exchequer, Kwasi Kwarteng, delivered a Ministerial Statement entitled 'The Growth Plan' to the House of Commons. Widely referred to in the media as a mini-budget (it not being an official budget statement), it contained a set of economic policies and tax cuts such as bringing forward the planned 1% cut in the basic rate of income tax to 19%; abolishing the highest (45%) rate of income tax in England, Wales and Northern Ireland; reversing a plan announced in March 2021 to increase corporation tax from 19% to 25% from April 2023; reversing the April 2022 increase in National Insurance; and cancelling the proposed Health and Social Care Levy. Following widespread negative response to the mini-budget, the planned abolition of the 45% tax rate was reversed 10 days later, while plans to cancel the increase in corporation tax were reversed 21 days later.
7. <https://news.sky.com/story/jeremy-hunt-there-were-mistakes-in-mini-budget-and-some-taxes-will-go-up-12720824> - Mr Hunt told Sky News that Liz Truss 'has recognised' the errors in her mini-budget, adding: 'That's why I'm here.' Saturday 15 October 2022 12:16, UK Hunt: 'It was a mistake to fly blind' Why you can trust Sky News Hunt: 'It was a mistake to fly blind' Chancellor Jeremy Hunt has said there 'were mistakes' in Liz Truss and Kwasi Kwarteng's mini-budget. Speaking to Sky News on Saturday, Mr Hunt said: 'It was a mistake when we were going to be asking for difficult decisions across the board on tax and spending to cut the rate of tax paid by the very wealthiest.' Hunt warns of 'difficult decisions' - follow politics latest He added that it was an error to 'fly blind' by not accompanying the 'fiscal event' with an economic forecast by the Office for Budget Responsibility, which many argue sent the financial markets into turmoil. On tax cuts, he said: 'We won't have the speed of tax cuts we were hoping for and some taxes will go up.'