

We can't stop borrowing the wonga. Our children will pay the bill

Duplicitous leaders are leading us ever deeper into debt. Civilisations have been brought down by less

by Matthew Syed, The Sunday Times

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Remember those cuddly puppets, Betty, Earl and Joyce? Great, weren't they? Full of bonhomie, always up for a chat and a laugh. Their catchphrases were terrific too: "Straight-talking money"; "We makes decisions instantly." Never has instant gratification felt so easy or so normal. Take out a loan today and you can enjoy that night on the tiles, or that designer handbag, or whatever. Why are you waiting? Isn't life for living?

The puppets were the advertising concoction of the payday loans company Wonga. You might remember it because for a while the company logo was plastered all over TV adverts, billboards, Premier League T-shirts, you name it. The promotional campaign was so successful that the company won digital entrepreneur of the year at the Guardian Awards for Digital Innovation. More than a million British consumers took out loans, titillated by those puppets. It must have felt terrific – until the moment the interest payments kicked in and the stories of fun were replaced by something darker. Much darker.

What is happening across the western world is, I'd suggest, more troubling than anything attempted or even imagined by Wonga. I watched last week as a succession of smiling puppets paraded across our TV screens with "buy now, pay later" promotions more brazen than those of any payday loans company. Nigel Farage, perhaps the most friendly (and sinister) puppet of the lot, was like a bingo caller at his gigantic giveaway (sorry, press conference). Winter fuel payments? Tick! Two-child benefit cap? Scrapped! More generous tax-free allowances? Abso-bloody-lutely!

The Institute for Fiscal Studies popped up to talk about the consequences of this incontinence, carefully explaining how it would add billions to a public debt that is already eating us alive (the UK is spending almost twice as much on debt interest as on defence), but they had about as much impact on this frenzied spectacle as the Ts & Cs buried in the small print of a Wonga contract. This was a bidding war and the nation was all over it, like gannets in a feeding frenzy.

Hence, the reaction of Keir Starmer, a man who casts himself as the personification of fiscal restraint but presided over a £148 billion deficit in his first fiscal year through the classic ruse of handing out treats like confetti, not least public sector pay rises (without concomitant productivity gains). Labour insiders recently informed us the government was on the verge of reversing decisions on benefits and winter fuel payments while planning a splurge (on the capital account) in the red wall. This will take the stock of debt way above 100% of GDP, with a trajectory (partly because of ageing demographics) likely to reach 250% within my lifetime. This isn't politics; it is a pathology.

And it's afflicting almost the entire western world. Ten days ago the House of Representatives passed Donald Trump's "big, beautiful bill", which will add an estimated \$3.8 trillion to an already gargantuan debt. As Trump danced in front of his supporters, YMCA blaring out of the speakers, and those who will be saddled with this crippling liability cheered from the rafters, I thought of the words of Gracchus, the wise Roman senator played by Derek Jacobi in the film *Gladiator*: "Rome is the mob. Conjure magic for them and they'll be distracted. Take away their freedom and still they'll roar. The beating heart of Rome is not the marble of the senate, it's the sand of the Colosseum."

Historians like Spengler and Toynbee have long argued that almost all civilisations go through a stage of discipline and resolve leading to prosperity, before shading – through a subtle process of social contagion – into entitlement and profligacy. This was the story of ancient Maya, Rome and, in some respects, ancien régime France, where debt interest was swallowing 50% of the state budget by 1780.

Left and right today squabble over only one superficial aspect of this lethal trajectory: should we add to the debt with tax cuts (George W Bush, Trump) or spending increases (Biden, Starmer)? They are, however, playing the same game of keeping the party going not by short-term sacrifice and honest trade-offs but the moral abomination of pushing problems down the road, leaving our future selves and children at the mercy of the looming crisis.

In his essay *"Politics and the English Language"*, George Orwell argued that when a civilisation becomes decadent, the decline of its discourse is both an effect and a cause. He continued: "[The language] becomes ugly and inaccurate because our thoughts are foolish, but the slovenliness of our language makes it easier for us to have foolish thoughts." Nowhere, I suggest, is that more apposite than in the case of public debt. We call it "austerity" when governments are borrowing at scale, "fiscal tightening" when the credit card is still being maxed out. Pundits have even taken to saying that "western governments" and "politicians" are "addicted to debt", but that is the most revealing semantic misdirection of all.

You see, politicians and governments are not the addicts; they are the dealers. They are the friendly puppets selling us our cravings. They are the Wonga executives making a fortune at our expense.

Western electorates are the dupes, the junkies, the credulous fools paying through the nose for promises that add up to nothing more than our own impoverishment. Why do we feel so squeezed at a time of near-record taxes and spending? Because an ever larger portion of spending is going on the interest payments we saddled ourselves with at the behest of leaders who are now making a killing on the after-dinner circuit. Conjure in your mind an image of Boris Johnson, elected on a manifesto of unaffordable promises and cake-and-eat-it fantasies of a kind that would make a Wonga publicist blush, now making millions from the kudos of his former office. So, who are the fools here?

Gloomy columns like this should, I'm told, always seek to offer solutions, so let me finish by sharing a couple of thoughts. First, we must cut social spending by attacking the mass dependency culture. I'd also urge a big shift in the basis of taxation. Labour plans to increase taxes on the diminishing number of people who are still working, but this will lead to more wealth creators leaving the country, denuding the tax base further. Wouldn't it be shrewder to tax the value of land (which cannot be offshored), thereby permitting dramatic cuts in taxes on income and productive capital? If you doubt this latter course, consider that economists of left and right and everything in between agree on little except the wisdom of this kind of taxation.

But none of this will happen unless a critical mass of voters glimpses the scale of the Ponzi scheme in which we are enmeshed — a scheme that is now becoming the target of bond vigilantes. Historians have noted that there are two ways to enslave a nation. One is by the sword. The other is by debt. The irony of 21st-century democracy is that we have enslaved ourselves and, most reprehensibly of all, our children too. You might call it the Wonga-isation of the western world.