# UK Political Discourse Heightens Over Tax Policy and Party Conflicts Ahead of General Election



On May 30, 2024, UK political discourse experienced heightened drama over tax policy and internal party conflicts as both Labour and Conservative leaders made significant declarations and strategic shifts.

Labour leader Sir Keir Starmer and Shadow Chancellor Rachel Reeves ruled out any VAT increases following intense scrutiny from the Conservatives. This decision came after allegations surfaced from Chancellor Jeremy Hunt that Labour intended to increase VAT to plug a purported £38 billion deficit in their spending plans. Conservatives leveraged this allegation to criticize Labour’s fiscal policies, labeling them as chaotic if implemented in government.

Rachel Reeves countered Jeremy Hunt's claims by asserting that Labour would not increase income tax, national insurance, or VAT, calling Hunt's allegations "absolute nonsense." This announcement marked a shift in Labour’s campaign narrative towards economic stability and lower taxes for working families. Conversely, Hunt insisted that not raising taxes would necessitate significant spending cuts or increased borrowing, ultimately increasing interest rates and, subsequently, mortgage payments.

The debacle over tax policy coincided with a major internal conflict within the Labour Party. Reports emerged of veteran Labour MP Diane Abbott being barred from standing for re-election in her constituency, Hackney North and Stoke Newington. This move by Labour’s National Executive Committee led to accusations of a “purge” of left-wing members, sparking further dissent within the party. Chancellor Jeremy Hunt exploited this turmoil, questioning Starmer's leadership abilities by linking his handling of party members to his capacity to manage international security threats, specifically referencing Russian President Vladimir Putin.

Amid these developments, both political parties made clear pledges not to raise income tax, national insurance, or VAT if elected in the upcoming general election slated for July 4, 2024. Leading economists and the Institute for Fiscal Studies highlighted that regardless of these assurances, the new administration would inherit a challenging fiscal environment, necessitating difficult economic decisions moving forward.