# Louise Haigh’s call for tax rises deepens Labour’s internal crisis



Former transport secretary Louise Haigh has sparked a heated controversy within the Labour Party with her recent call for a drastic increase in taxes. In her remarks, she suggested that Labour should lift its self-imposed restrictions on raising income tax, VAT, or National Insurance—an alarming proposition that reflects the party's growing desperation after disappointing electoral results, especially in the wake of last week's local elections.

Haigh, a prominent voice on the left, framed these tax hikes as part of an “economic reset.” She claimed that such measures would fund a serious programme of investment and reindustrialisation to reassure voters of the government's commitment to their welfare. However, this proposal echoes a traditional reliance on taxpayer money that many see as a reckless abandonment of fiscal responsibility. Speaking to The Times, she expressed frustration over Prime Minister Starmer's failure to acknowledge Labour's poor performance in the elections, stating, “It failed to acknowledge any need to change course.”

As Labour grapples with its vulnerabilities, Downing Street is now reconsidering winter fuel payments, debating whether to raise the income threshold of £11,500, rather than reversing recently implemented cuts. This highlights Labour's tenuous grip on power and growing fears about voter backlash against their policies.

Haigh's comments have drawn rebuke, notably from former Labour supporter John Caudwell, who dismissed her tax hike suggestions as “nonsense.” He questioned the logic of using tax increases to spur reindustrialisation, echoing a wider sentiment that such policies could only exacerbate the economic malaise facing the country. Shadow Business spokesman Andrew Griffith emphasized that the party's focus should be on reversing the “disastrous measures they’ve already implemented,” a view increasingly shared among disenchanted constituents.

Despite prior commitments against tax increases before the next general election, Labour’s actions are now under fire. Chancellor Rachel Reeves faces accusations of violating this pledge by raising employers’ National Insurance and introducing a 20 percent VAT on private school fees. As pressure mounts, Downing Street claims to remain committed to its manifesto promises, but the electorate’s trust may be wavering.

The caution against tax increases was underscored by Paul Johnson, director of the Institute for Fiscal Studies, who advised, "It may not be such a good political idea increasing income taxes or VAT." The urgency to reverse Labour's declining fortunes is palpable, especially as another party gains ground, illustrating a shifting political landscape. The recent local elections have seen significant advances for opponents, who are poised to challenge the status quo, suggesting that voters are increasingly looking for alternatives to the traditional Labour and Conservative choices.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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