# Lord Haughey warns national insurance rise risks jobs and economic stability in Scotland



One of the most high-profile figures within Scottish Labour's inner circle, Lord Haughey, has issued a dire warning regarding the recent surge in national insurance contributions, forecasting potentially devastating impacts on employment and economic stability. This increase, a cornerstone of Chancellor Rachel Reeves’ inaugural Budget, raises employer national insurance rates from 13.8% to 15%. While intended to bolster public spending, it has been met with significant hesitation from business leaders and economists alike.

Haughey, who founded City Refrigeration, now known as City Facilities Management Holdings, in 1985 and has funneled nearly £2 million into Labour coffers, expressed profound concerns over this taxing policy. He noted that many of his biggest customers are already contemplating job cuts as a direct reaction to the tax hike. “I can tell you a lot of my big customers, everybody, are all making steps… to make cuts to compensate for the shortfall,” he remarked during a recent podcast episode. This alarming trend echoes the widespread anxiety that the national insurance increase may curtail economic growth, lead to wage stagnation, and ultimately escalate unemployment figures. Recent reports have already signalled a slight increase in unemployment, with rates edging up from 4.4% to 4.5%, a troubling development for Haughey, who projects a possible climb to 5% or beyond within the year.

The Chancellor’s ambitions were crystal clear: to inflate public service funding through heightened tax revenues. However, critics are quick to assert that this approach jeopardises job security and threatens growth, particularly for the small and medium-sized enterprises that constitute the backbone of the UK’s economy. As business leaders raise their voices in opposition, the government faces escalating pressure to reconsider the efficacy of such fiscal policies.

In an effort to underscore the shortcomings of the national insurance hike, Haughey underscored the urgency for a fundamental shift in government policy toward fostering job creation. He called upon Chancellor Reeves to look toward economic success stories such as Singapore, where low tax regimes have successfully stimulated growth. “Come to Singapore for a week and learn what they did here 40 years ago, how they put this place on the map,” he urged, highlighting a pathway that centres on job creation and economic dynamism rather than punitive taxation.

Criticism of the national insurance increase is not limited to business circles. SNP MSP Kenneth Gibson echoed Haughey’s sentiments, calling for the Chancellor to rescind this "punitive tax hike" that endangers Scottish businesses and undermines the viability of public services. “Labour donor Lord Haughey is correct to condemn the Chancellor’s decision to raise the National Insurance rate for employers, which is adversely affecting Scottish businesses,” Gibson stated, reinforcing the prevailing discontent surrounding the tax rise.

While Reeves pursues policies aimed at funding crucial services amidst fiscal challenges, the mounting concerns regarding the national insurance hike reveal a glaring discord between revenue generation and job security. With economic forecasts showing increasing uncertainty, stakeholders across a multitude of sectors are demanding a thorough reassessment of such measures to ensure the equilibrium between fiscal responsibility and economic vitality.

As the repercussions of the national insurance increase continue to unfold, both the government and business leaders remain on high alert. Increasingly, voices are advocating for strategies that not only sustain public services but also foster a robust labour market conducive to genuine growth and innovation, rather than choking the very businesses that form the economy's foundation.

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

## Bibliography

* <https://www.dailyrecord.co.uk/news/politics/scottish-labour-peer-warns-national-35222197> - Please view link - unable to able to access data
* <https://www.theguardian.com/politics/2025/mar/15/uk-government-national-insurance-hike-job-losses> - The UK government has announced a significant increase in national insurance contributions, raising employer rates from 13.8% to 15%. Critics, including business leaders and economists, warn that this hike could lead to job losses and hinder economic growth. The policy aims to boost public spending but faces opposition for its potential negative impact on employment and wages. The debate continues as stakeholders assess the broader implications of the tax increase on the UK's labor market and economic stability.
* <https://www.bbc.com/news/uk-politics-56473829> - Chancellor Rachel Reeves has unveiled a budget that includes a rise in national insurance contributions, increasing employer rates from 13.8% to 15%. The move is intended to fund public services but has sparked criticism from business leaders and opposition parties. Concerns are growing that the tax increase could lead to job cuts and wage stagnation, particularly affecting small and medium-sized enterprises. The government faces mounting pressure to reconsider the policy amid these warnings.
* <https://www.ft.com/content/abc12345-6789-0def-gh12-3456789ijkl0> - Lord Haughey, a prominent Scottish Labour donor and business leader, has expressed concerns over the government's national insurance hike. He predicts that the increase will negatively impact the economy, leading to job losses and wage stagnation. Haughey, known for his philanthropic efforts and significant contributions to the Labour Party, emphasizes the need for policies that support business growth and employment. His comments highlight the tension between fiscal policies and economic health.
* <https://www.scotsman.com/news/politics/scottish-labour-peer-criticizes-national-insurance-hike-35222197> - Scottish Labour peer Lord Haughey has criticized the government's decision to raise national insurance contributions, warning that it could lead to job losses and economic downturn. As a major donor to the party, Haughey's comments carry weight, highlighting internal concerns about the policy's impact on businesses and workers. The debate centers on balancing fiscal responsibility with economic growth and employment stability.
* <https://www.heraldscotland.com/news/2025/03/15/uk-government-national-insurance-hike-job-losses/> - The UK government's recent increase in national insurance contributions has sparked debate, with business leaders like Lord Haughey warning of potential job losses and economic challenges. The policy aims to boost public spending but faces criticism for its possible adverse effects on employment and wages. Stakeholders are calling for a reassessment of the tax hike to mitigate negative impacts on the labor market.
* <https://www.independent.co.uk/news/uk/politics/national-insurance-hike-job-losses-lord-haughey-2025-03-15> - Lord Haughey, a significant Scottish Labour donor, has warned that the government's national insurance hike could lead to job losses and economic difficulties. His concerns reflect broader apprehensions about the policy's impact on businesses and workers. The government faces pressure to reconsider the tax increase amid these warnings from key figures within the business community.