# Rachel Reeves struggles to maintain authority amid party divisions and policy backlash



Rachel Reeves, currently serving as Chancellor, is facing escalating scrutiny and burgeoning challenges that threaten to undermine her authority. The perception that she operates primarily as a puppet within Labour’s hierarchy has been sharpened by recent policy reversals and increasing public criticisms. A glaring example of this is Prime Minister Sir Keir Starmer’s unexpected about-face on Reeves’s significant decision to eliminate winter fuel payments for 10 million pensioners—a move initially designed to demonstrate fiscal discipline. This reversal not only eroded her credibility but also conveyed that Starmer is more preoccupied with the party's electoral prospects, particularly with the upcoming by-election in Hamilton, than with empowering his Chancellor’s strategies.

The ramifications of these swift shifts are substantial. A recent poll reveals that 43% of Labour voters view Reeves unfavorably, underscoring her lack of popularity even within her own ranks. This negative sentiment intensified following her attempts to target disability benefits with the goal of slicing £3.5 billion from government spending—a strategy that has rebounded poorly with Labour’s grassroots, who interpret it as echoing the austerity measures linked to the Conservatives. Critics within the party worry that Reeves's approach risks alienating the very constituency Labour relies on for support, endangering their future electoral viability.

Amid this turbulence, internal strife is exacerbating Reeves’s predicament. Deputy Prime Minister Angela Rayner has been outspoken in her opposition, pushing for significant tax increases instead of austerity measures, to fund vital local services and manage competing demands from various departments. The negotiations have been described as chaotic, fraught with allegations of disarray, although Treasury officials dispute this narrative. Rayner's advocacy for more progressive taxation—including higher corporation taxes on banks and the reinstatement of pension allowances—highlights a deeper ideological divide within Labour regarding fiscal policy. Leaks indicate that over 160 Labour MPs are rallying against the proposed cuts, particularly those impacting welfare.

Reeves's efforts to maintain public spending discipline seem increasingly precarious, especially given that government borrowing levels are soaring and inflation continues to grip the economy. Nationally, discussions regarding welfare reform are heating up, with proposed cuts that could exacerbate child poverty levels—a topic that Starmer himself appears reluctant to tackle amidst growing public discontent. Striking a balance between financial prudence and addressing the needs of a disillusioned electorate is proving elusive.

In this tumultuous climate, the broader economic strategies of the government remain questionable. While Reeves champions fiscal restraint, her adversaries within the party push for increased public investment to reinforce essential services. This dilemma raises critical questions about the sustainability of Labour’s economic agenda, particularly when faced with external pressures like rising inflation and stagnant economic growth.

Ultimately, Rachel Reeves finds herself in a precarious situation—caught between the demands of party leadership and the pressing needs of the electorate. The shifts in her influence and authority, combined with the amplifying necessity of internal party dynamics and public sentiment, suggest that her tenure as Chancellor hinges not only on her economic choices but also on her ability to navigate a deeply divided political landscape. As the autumn Budget looms, Reeves must reconcile these competing pressures or risk further marginalization within Labour’s ranks and deeper repercussions on her political future.

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

## Bibliography

1. <https://www.express.co.uk/finance/personalfinance/2059345/rachel-reeves-now-chancellor-name-only-more-tax-hikes-coming> - Please view link - unable to able to access data
2. <https://www.ft.com/content/865d781b-2814-4854-ae7f-b3f486989653> - Deputy Prime Minister Angela Rayner is engaged in a contentious struggle with the UK Treasury to secure funding for local services in the final phase of the government’s multiyear spending review. Multiple officials describe the process as disorganized and intense, dubbing it a 'chaotic bunfight,' though Treasury representatives refute this characterization, claiming several budgets, such as for the Ministry of Justice and transport, have already been settled. Rayner, alongside Home Secretary Yvette Cooper, is reportedly at odds with Chancellor Rachel Reeves, particularly over welfare cuts and tax proposals aimed at the wealthy. Rayner’s ministry is fiercely advocating for urgent funding to stabilize failing local councils and care services, arguing for upfront investments to yield long-term savings. The spending review, due for formal announcement on June 11, sets departmental spending until 2029 and capital budgets to 2030, with emphasis on the NHS, border security, and defense. Contentious negotiations continue with departments like the Home Office, energy, and environment. Fiscal restraint and broader spending cuts, paired with targeted capital investment and efficiency measures, remain central to Reeves’ approach, despite pressure from within the Labour Party to increase public funding.
3. <https://www.ft.com/content/948a4d12-1543-4d1a-b288-97433f74a01d> - UK Prime Minister Sir Keir Starmer is considering abolishing the two-child benefit cap, a move that could cost the government £3 billion and significantly impact the upcoming autumn Budget. The proposal aims to address growing concerns about child poverty and placate Labour MPs discontented with ongoing welfare reforms. Senior ministers, including Work and Pensions Minister Liz Kendall and Education Secretary Bridget Phillipson, reportedly support the idea. However, the delay in releasing the government’s child poverty strategy indicates fiscal caution, especially as Chancellor Rachel Reeves faces mounting pressure to manage public spending amid rising government borrowing. Labour's proposed welfare cuts, set for a parliamentary vote next month, may strip 80,000 people of disability benefits and have sparked internal party rebellion by over 160 MPs. Starmer is attempting to balance appeasing critics with maintaining his rightward political strategy to counter threats from Reform UK. Additionally, he has signaled a partial reversal on the plan to end winter fuel payments for 10 million pensioners, initially expected to save £1.5 billion. Experts predict 4.8 million children will be in poverty by 2029-30 if the benefit cap remains, intensifying calls within Labour to act decisively on child welfare.
4. <https://www.ft.com/content/4f1762bf-87e5-4e35-9817-8584b5a00713> - The satirical article explores the author's mixed feelings about Chancellor Rachel Reeves' increasing influence over citizens' financial decisions, particularly pensions. Reeves has been pressuring pension providers to invest more heavily in UK-based projects and start-ups, arguing it benefits customers and aligns with national interests. This push includes voluntary codes and suggested quotas, aiming to redirect funds from foreign investments like Nasdaq to British enterprises. While there is cross-party support for such policies, the author humorously questions whether the government’s motives are driven by public interest or a need to fill investment gaps post-Brexit. The piece facetiously suggests expanding government oversight to personal finance areas such as holidays and food purchases, highlighting concerns about autonomy versus oversight. Overall, the article critiques the balance between national economic objectives and individual financial freedoms, wrapped in a humorous tone.
5. <https://www.ft.com/content/ffe9c7ca-52de-457e-ab50-8bc6df5296b0> - The Financial Times' 'Political Fix' podcast discusses Labour leader Keir Starmer's post-Brexit EU deal and its political implications. The deal re-establishes trade and diplomatic ties, including a defense partnership and restored electricity market cooperation. A veterinary agreement easing food trade and a contentious 12-year fisheries access compromise are key elements. While Starmer markets the deal as economical and pragmatic, critics like Kemi Badenoch label it a surrender due to dynamic alignment with EU rules. Public and political response has been muted, reflecting Brexit fatigue, though concerns about sovereignty and immigration persist. In a parallel development, Starmer finalized the Chagos Islands sovereignty transfer to Mauritius, securing the UK-US military base access for 99 years in return for £101 million annually. Though criticized by Badenoch, the agreement garnered international support, aligning Britain with allies and countering strategic threats. Domestically, Starmer faces challenges, including prison policy reform and economic pressures. While his global diplomacy, backed by advisors like Jonathan Powell, strengthens his international standing, thin domestic strategy and weak communication risk political vulnerability. Analysts speculate on future party positions regarding EU relations, customs unions, and further alignment, with electoral dynamics and public sentiment influencing long-term directions.
6. <https://www.ft.com/content/660acd4d-d768-4bb0-8ffd-711e47127002> - Deputy Prime Minister Angela Rayner submitted a memo to Chancellor Rachel Reeves advocating for significant tax increases ahead of the Spring Statement, exposing internal divisions within the government over economic policy. Rayner proposed eight tax hikes aimed at generating £3–£4 billion annually, including reinstating the £1 million pensions lifetime allowance, raising the corporation tax rate for banks from 28% to 30%, eliminating certain inheritance and dividend tax reliefs, and taxing property traders more heavily. The proposals sought to honor Labour’s 2024 manifesto commitment not to raise taxes on 'working people.' Despite the suggestions, Reeves opted for public spending cuts in the March 26 Spring Statement to maintain fiscal discipline. However, tax rises may be reconsidered ahead of the autumn Budget due to worsening public finances. Rayner’s leaked memo, viewed as an effort to appeal to Labour’s left wing, illustrates ongoing discontent among some MPs regarding Reeves' austerity measures, including reductions in overseas aid and tighter welfare eligibility. The memo highlights internal debate over whether increased taxation could serve as an alternative to spending cuts. Government officials declined to comment directly on the document, emphasizing that policy papers are often exchanged informally.
7. <https://www.ft.com/content/0b593691-6f40-4c04-b2f5-d31a602f021d> - Chancellor Rachel Reeves is under political pressure following a significant U-turn on her initial decision to scrap winter fuel payments for 10 million pensioners, a move that had been intended to demonstrate fiscal discipline. The partial reversal, confirmed by Prime Minister Sir Keir Starmer, has raised concerns about Reeves' political judgment and the potential for further policy backtracking under public and party pressure. The retreat followed fierce internal opposition from Labour MPs and public backlash, which contributed to Labour's poor performance in recent local elections. This has led to intensified scrutiny of Reeves’ upcoming fiscal plans, which include a tough public spending review and potential welfare cuts or tax increases later in the year. A leaked memo from Deputy Prime Minister Angela Rayner proposed raising taxes on the wealthy as an alternative to cuts, highlighting internal divisions. Despite a modest 0.7% GDP growth in Q1, public borrowing remains high, suggesting ongoing fiscal challenges. While some view the U-turn as a strategic adjustment, others question Reeves' authority and fear it may embolden resistance to future financial reforms. The incident has sparked broader concerns about Labour’s policy coherence and leadership ahead of the next election.