

Cameron's promised law against tax increases is reckless...

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As the [FT has reported](#):

David Cameron will on Wednesday promise a law banning any rise in income tax, VAT or national insurance in the next parliament, in a highly unusual move that would severely restrict the Treasury's room to manoeuvre if he won a second term.

Mr Cameron hopes the tax promise will inject momentum into his campaign, by highlighting the party's commitment to low taxes, but Labour called the five-year tax lock a "desperate gimmick".

I admit I think Labour is understating its case. This is not just a gimmick. It's reckless, irresponsible, stupid and deeply misleading.

Those are big accusations, so let me justify them. First, it is a gimmick because the reality is that most tax increases do not now come from changes in tax rates, but from changes in what is taxed or through adjustments to allowances. So, for example, pension tax relief could be restricted to basic rate for everyone and Cameron would have met his promise and increased tax at the same time. This shows that this suggested law is both a gimmick and misleading. Law that is so easily circumvented is not worth proposing or passing.

But it is not just because it is potentially meaningless that this proposal is wrong. Tax is not just about raising money. Tax is also about repricing market failure. So Cameron is saying no new green taxes even though we need them.

And tax is about redistributing income and wealth. So Cameron is saying he is happy with the current state of gross inequality in this country.

And tax is about reorganising the economy, which means fiscal policy. And so by fixing taxes Cameron first of all says that he is happy with the current deficit, which is odd. And second he rules out anything but cuts to address that issue, if he thinks it must be addressed. And thirdly, if he delivers growth he rules out using tax to control the economy, which is either reckless or shows he thinks that there is no upside for the

British economy in the foreseeable future.

And, as stupidly, he appears to eliminate the chance of necessary tax reform to simplify the tax system if there is any risk that doing so might increase a tax liability, which given the state of our tax code is just irresponsible and builds in guaranteed inefficiency into the system.

So I think my comments justified. This is a gimmick. It is misleading and irresponsible. Worse, it's reckless because it rules out use of a tool of economic management that is available to the government and basically disables it, which is reckless. But it's also stupid because it shows Cameron simply does not understand what he is talking about, and that is deeply worrying.