

# Reeves suffers from two problems, and both are of her o...

Published: January 13, 2026, 2:34 am

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According [to Politco](#):

*Rachel Reeves is preparing to face down the business leaders [today] who say her tax rises will cost jobs and endanger the growth on which Labour's plans rely.*

The standoff will play out at the CBI conference. The CBI must be relieved to be near centre stage again. It seems Rachel Reeves made that happen. And what on earth is she talking about by saying there was no alternative to what she did?

The business gripe is easy to identify. Employers' national insurance hikes at the same time as increases in the minimum wage (one made sense, both do not) have created the hostile environment. Failure to tackle problems with business rates effectively has helped. And the fact that Reeves is doing nothing to bring down interest rates hardly helps her cause. Of course, businesses are unhappy. They don't want a recessionary environment, and that is what it sees Reeves is trying to create.

What is more, they know Reeves had a vast array of options available to her. I laid out thirty or more in the [Taxing Wealth Report 2024](#). Not all of them would have appealed to the CBI, I am sure, but to pretend that Reeves had only one course of action she could take is only possible if you note three things.

First, Reeves was incompetent before the election when promising no increases in income tax, national insurance on employees, and VAT.

Second, she was also incompetent in fixing corporation tax in advance for a parliament.

Third, her reluctance to tax the returns from investments enjoyed by the wealthy means she has to pile the pressure on returns to labour.

Given these three things, she might think that she was left with no other choices but the ones she made. That, though, was to accept the fact that she had made mistakes and to then consider herself bound by them, which she apparently does.

Reeves had ample choices available to her to get the economy right. She chose not to take them. She chose to make things worse. She is now being criticised for the consequences of that. She has three choices.

She could admit her mistake.

She could change her mind, and ease some of the pressures on employers and so on employees.

She could also signal a new tax strategy aimed at making the wealthy contribute to society in an appropriate fashion.

But she won't do any of those things, and so she is stuck where she is; we are stuck we are, and Labour is a busted flush, already. It takes an extraordinary level of incompetence to get things so wrong so quickly. Well, that, combined with a total lack of political nous, because you never realised political convictions were required of a Labour MP. Reeves suffers from both problems.