

Jeremy Hunt faces Tory critics insisting his tax rises are 'very Conservative'

Chancellor [Jeremy Hunt](#) has denied his economic strategy is a raid on workers as he hit back at Tory critics of his £25 billion of tax rises, telling them there is “nothing [Conservative](#) about ducking difficult decisions”.

Economists warned that workers are living through a two-decade wage stagnation costing £15,000 after senior Tories including [Jacob Rees-Mogg](#) accused the Chancellor of taking the “easy option” rather than bearing down harder on public spending.

The former business secretary said the country needed lower taxes to drive up growth after Mr Hunt acknowledged that the UK was already in recession as he unveiled £55 billion of hikes and spending cuts.

Mr Hunt struck back, saying: “[None](#) of this is easy, but it’s the right thing to do.”

“What I would say to my Conservative colleagues, is there is nothing Conservative about spending money that you haven’t got,” he told Sky News.

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“There is nothing Conservative about not tackling inflation, there is nothing Conservative about ducking difficult decisions that put the economy on track.

“And we’ve done all of those things and that is why this is a very Conservative package to make sure we sort out the economy.”

He told BBC Radio 4’s Today programme that “sound money matters more than low taxes”.

Independent analysts said Mr Hunt’s promised spending cuts would mean a prolonged squeeze on public sector pay despite a growing clamour in many services for real-terms increases after the years of austerity.

The Resolution Foundation said the cuts are “likely to be undeliverable” as they would require “years of holding down public sector wages below those in the private sector”.

Economists at the think tank said the plans pile further pressure on those in the “squeezed middle”, who face a permanent 3.7% income hit, which is bigger than the very richest.

They said that wages would be £15,000 higher if they had continued to grow at their pre-financial crisis rate rather than face “this unprecedented 19-year pay downturn”.

Mr Hunt denied his plans are a raid on workers, telling Today: “No, it’s a plan that gets us through very difficult times that are being faced by other countries all over the world and it gives people certainty.

“It’s not possible to raise £25 billion of taxes just focusing on a very small group of very rich people.”

The [Institute for Fiscal Studies](#) (IFS) said delaying the difficult decisions as to where the axe will fall until after the next general election would “stretch credulity” and questioned whether they would actually happen.

Mr Hunt said he was “not guilty” of putting off cuts until after the next general election.

“I mean you can accuse me of many failings but looking at the front pages of the newspapers today, to say we have ducked any of the difficult decisions facing the British economy is the one charge we are not guilty of,” he told BBC Breakfast.

Mr Hunt set out his plans against the backdrop of a bleak set of economic forecasts from the Office of Budget Responsibility (OBR), underlining the damage wreaked by the war in Ukraine.

It said that rampaging inflation as a result of the energy price shock meant living standards are set to fall by 7% over the next two years – taking them back to where they were in 2014.

The economy is predicted to contract by 1.4% next year, unemployment is expected to rise by more than 500,000 while taxes are set to reach their highest level as a share of national income since the end of the Second World War.

In the Commons, Mr Hunt said that because of the measures he was taking – £25 billion in tax rises and £30 billion in spending cuts – the downturn in the economy would be “shallower” than would have otherwise been the case.

Spending on health, education and defence will be protected, support for energy bills will continue although at a lower level, while benefits and pensions will rise in line with inflation.

Much of the increase in taxes will come from extending the freeze on thresholds – seeing more people drawn into paying the basic and higher rates of tax, although different rates apply in Scotland.

Mr Rees-Mogg, however, strongly criticised the Chancellor's approach, warning the increases will hit many people who are not particularly well off, including some who are receiving benefits.

"I think we need to look at the efficiency of government to make sure money is well spent before reaching for the easy option of putting up taxes," he told Channel 4 News.

"What we actually need to be doing is having a strategy for growth and looking to lower taxes."

Mr Rees-Mogg is a longstanding critic of Rishi Sunak, having criticised his record of raising taxes when he was chancellor and quitting when he became Prime Minister.

Nevertheless there is likely to be concern some among ministers that his intervention could signal trouble ahead, with many Tory MPs worried about raising taxes as the country enters a recession.

Meanwhile, IFS director Paul Johnson questioned whether spending cuts due to kick in after 2025 could be delivered, with services like the police, the courts and local government facing "a very difficult few years".

"Delaying all of the difficult decisions until after the next general election does cast doubt on the credibility of these plans. The tight spending plans post-2025, in particular, may stretch credulity," he said.