

# UK: Truss sacks chancellor, U-turns on corporation tax as Tories prepare another palace coup

Thomas Scripps  
14 October 2022

UK Prime Minister Liz Truss has U-turned on a flagship policy of her mini-budget, abandoning plans to scrap the scheduled increase in corporation tax from 19 to 25 percent from April 2023, which will now go ahead. Her chancellor, Kwasi Kwarteng, has been sacked.

With Truss's government less than 40 days old, Kwarteng becomes the second shortest-serving chancellor in UK history, narrowly outstripping Iain Macleod who died in office in 1970.

Truss's government is collapsing amid a raging crisis threatening world capitalism, with interest rates rising sharply around the world to suppress wages amid the economic fallout of the pandemic and NATO's war and sanctions against Russia.

Truss's hand was forced by an open rebellion in her ruling Conservative Party. Political journalist John Sopel tweeted yesterday, "A cabinet minister until a few weeks ago has just told me [Liz Truss] 'has unleashed hell on this country.' The language being used by senior Conservatives, the incredulity, the cold fury is like nothing I've seen in decades of covering UK politics."

A meeting between Truss and backbench Tory MPs Wednesday was described as "sulphurous", "funereal", "bleak" and "horrendous," with one MP commenting, "I was shocked at how brutal it was." Another called Truss's cabinet, "libertarian Jihadists who are wrecking the party." Robert Halfon, chair of the education select committee, accused her of "trashing" the last ten years of Conservative government.

This came in response to a crash in market confidence in the UK after Truss and Kwarteng's September 23 mini-budget of unfunded tax giveaways to the

corporations and the highest earners, with the value of the pound and UK government bonds tanking. Truss's announcement today was timed to pre-empt the Bank of England's planned cut-off for billions of pounds' worth of emergency support begun in the wake of the budget.

Investors feared the limping British economy could not possibly underwrite a £60 billion hit to public debt. They were making clear that public spending must be cut even if this means provoking a broader social explosion and declaring no confidence not only in the economy but directly in her.

The sell-off of British bonds and fall in the pound prompted the Bank of England to raise interest rates more quickly than planned, with a broad expectation that they would reach 6 percent by early next year. This sent mortgages soaring. Meanwhile, discussions began in government over how to find tens of billions of pounds of cuts in just three weeks.

The fallout has left the Tories facing an unprecedented electoral rout. Analysis by Electoral Calculus shows the party reduced to just 85 seats—down from 356 and their worst ever result by far—if current polling figures were reflected at the ballot box.

There have been calls for a U-turn for weeks to avert a Tory catastrophe. Former chancellor George Osborne tweeted Wednesday, "Given the pain being caused to the real economy by the financial turbulence, it's not clear why it is in anyone's interests to wait 18 more days before the inevitable U-turn on the mini budget."

By sacking Kwarteng, Truss hopes to save herself. But there is little chance this will succeed. Appointing Jeremy Hunt as replacement chancellor is an attempt to reach out to other sections of the party, but her

government is dead in the water. Hunt, a prominent Rishi Sunak supporter who was at the centre of plans to stop Truss becoming Tory leader, will be as keen as anyone for the axe to fall on her neck—whatever he says in public.

A group of senior party MPs told *BBC Newsnight*'s Nicholas Watt that Kwarteng's sacking will "prompt them to come out publicly next week and call on Liz Truss to resign." One said, "These are serious people. The PM will find it difficult to survive."

Influential editor of the ConservativeHome website Tim Montgomerie tweeted pointedly, "If I was Liz Truss I wouldn't wait to be thrown out of office by my party. I hope I'd resign. The country and markets have resoundingly rejected my signature agenda."

Plans are far-advanced for yet another palace coup, delivering the fifth Tory prime minister in six years. The *Times* reports, "Senior Conservatives are holding talks about replacing Liz Truss with a joint ticket of Rishi Sunak and Penny Mordaunt as part of a 'coronation' by MPs."

The newspaper writes, "Around '20 to 30' former ministers and senior backbenchers are attempting to find a way for a 'council of elders' to tell Truss to quit."

One MP told its reporters, "It's either Rishi as prime minister with Penny as his deputy and foreign secretary, or Penny as prime minister with Rishi as chancellor. They would promise to lead a government of all the talents and most MPs would fall in behind that."

The Tory Party's latest planned palace coup is being determined directly by the world's banks and asset managers. Krishna Guha, an economist at Investec, commented to the *Financial Times* that this was the first time in decades "that the financial markets have forced the government of a big, developed economy with its own central bank to capitulate on core fiscal ambitions".

Truss's replacement will be expected to restore confidence in the UK economy by savaging the working class. And if the Tories cannot fix their mess to the satisfaction of the financial oligarchy, the Labour Party promises to step in.

After months of refusing to do so during the crisis wracking the Tory Party, Labour leader Sir Keir Starmer finally called for a general election "for the

good of the country" in the *Guardian*. This was "regardless of whether Liz Truss is ousted by the Conservatives, saying the government is 'completely at the end of the road' and Labour is preparing for power." Truss had driven the economy "into a wall" while "trashing our institutions", he said, and changing the prime minister again without allowing the country to vote would not be acceptable.

Starmer has made absolutely clear that he will continue the Tory party's offensive against the working class, relying on the trade union apparatus to do so. Workers must be able to assert their political voice and to decide what must be done to resolve this crisis on their terms and in their own interests, not on those of the global speculators and corporate boardrooms.

It is in order to break through the conspiracy between the Tories and Labour that the Socialist Equality Party has urged workers to demand an immediate snap general election. Should an election be called, the SEP will stand candidates to advance a socialist and anti-war strategy on which the working class can fight.

We will bring to the attention of millions of workers in Britain and internationally the shared political agenda of the Tories and Labour of class war at home and war against Russia and China abroad.

Hundreds of thousands of workers have waged months of determined strike struggles to defend themselves against the onslaught on their jobs, wages and conditions, in the face of determined efforts by the trade union bureaucracy to prevent a broader movement from emerging. The demand for a general election must be taken up by workers and fought for by redoubling the industrial offensive now underway, up to and including a general strike. This will necessitate rank-and-file workers wresting control of their struggles from the bureaucracy and politically challenging all efforts to tie them to the Tory party's putative right-wing replacement, the Labour Party.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**