

The UK needs the type of radicalism Labour is proposing

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I have this morning suggested that the questions that the Labour manifesto poses are threefold. The first is whether their diagnosis of the current state of the economy is right. [I have already addressed this issue and suggested that Labour's analysis is right:](#) our economy is in need of radical reform. The second question is whether their prescription is right. And the third is whether it will work. Let me now turn to the second and third questions.

I am going to stand back to answer these questions. There is a great deal of detail in the manifesto, of course. I have no problem with detail. But it's fair to say that what Labour is offering is a macro view of change, and therefore the proposals have to be viewed at this level.

Three really big ideas prevail. The first is that climate change is a massive threat and we need to address it. £400 billion of investment, funded by borrowing, is targeted at this issue. Fundamentally the issue is seen as needing to be addressed through radical change in infrastructure rather than changes in current spending at this moment. And I have no doubt that this is right. The plan is also appropriately targeted at new housing, insulation of existing property, new energy sources and transport. There are some quibbles in the latter: I think the focus in green cars a mistake. But overall this prescription is spot on.

The second theme is tackling the state of public services. Health and social care, education and many other critical services have been reduced to a state of near paralysis by funding cuts and are subject to proposals. Again, details can be chewed over, but we are in need of this massive injection of new funding. UK public services are failing. This is indisputable. And there is only one way to address that failing, which is to spend to remedy the defects.

And paying staff more is part of that necessary spending. Public sector employees have done very badly over the last decade and have seen their real pay fall significantly. You cannot supply decent public services on the back of underpaid and demotivated staff directed by politicians who continually tell them they are not worth what they're paid

when the public very clearly disagrees with that view.

Third, Labour suggests the private sector is not delivering and has been over-subsidised to do so. Whether that be in decent wages, where an increase in the minimum wage is required, or investment, where private sector performance has been very weak despite the considerable tax incentives thrown in its direction that were meant to address this issue, or on continuing to concentrate on largely unproductive and socially useless economic activity in financial services in the south east of England which have had massive income and wealth distributional consequences for the rest of the U.K., business has failed. And it has failed despite being given massive tax cuts in corporation tax, capital gains tax, income tax and inheritance tax that were meant to promote the sector according to tax cutting advocates but which have clearly done nothing of the sort as I could, and did, predict throughout the time they have taken place. So Labour is not being anti-business in taking these reliefs away. Far from it in fact: business will still be the largest part of the economy by some way under Labour. Nothing changes that. But what Labour is saying is business should not expect hand outs and support that it clearly does not need because it has not invested as a result. Instead it should make a fair contribution to the society it operates in.

Does that stack as a strategy? I suggest it does. Investment is directed towards the biggest challenge we face. Spending is going to meet real demand. And subsidies that have not worked are being removed. It's plan that could address the problems the UK faces. If being realistic is being radical, so be it. The UK needs this type of radicalism in that case.