

This is what progressive capitalism should look like

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Wes Streeting The writer is a Labour MP and was UK health secretary from July 2024-May 2026

For the first time in our modern history, the prospects for the next generation look worse than the last.

Young people are feeling all pain and no gain from the current economic settlement. They are punished by broken higher education and housing markets that leave them out of pocket. They pay high marginal rates of taxation but rarely use public services. They are starting their careers just as AI threatens their jobs. This is the generation that is leaving Labour at the ballot box, because they feel we have left them.

Social democracy is as much about a successful market economy as it is about an active state. When Labour forgets the first part of that sentence, we and the country lose. We've got to be as focused on wealth creation as we are on wealth distribution. Growth and fairness aren't in competition. Growth is the only way we can tackle Britain's class, regional and generational inequalities.

Only Labour can deliver both. The Greens reject growth: their policies would see society fighting over an evershrinking pie. The right think the market should be left untouched. I am putting forward an agenda for progressive capitalism, that backs enterprise, rewards work, takes on vested interests and makes markets serve our shared goals of growth, fairness and a better future for the next generation.

That means doing three things. First, push the frontier of innovation. Create the conditions where highly productive companies can scale.

Second, take the best to the rest. Spread new practices to the tail of the economy, where competitive forces will incentivise adoption. It may be counterintuitive for a politician on the left to say, but British capitalism suffers from a lack of competition.

Third, we need to invest in the resilience of our core strategic industries. Britain will remain an open economy reliant on global supply chains, but we can no longer assume that critical capabilities will always be available. Energy, defence, and data infrastructure offer opportunities for re-industrialisation. They have both economic and national security importance.

Anyone can make the pro-growth choice when there are no downsides. This country needs a government unafraid of taking on vested interests and doing controversial things in the national interest.

Donald Trump's message to worldleading scientists and engineers is: you're not welcome here. We should welcome them with open arms. We need a global talent programme to attract 20,000 of the world's best and brightest over the next three years. Voters con-

cerned with high migration aren't so worried about tomorrow's Nobel Prize winners discovering the future here in Britain.

Politicians should be honest with the public: Brexit has been a catastrophe. The biggest economic opportunity we have is on our doorstep. Britain's future lies with Europe. Clarity about the destination will help us negotiate a maximalist trading relationship within our red lines this side of the next election, at which point we should seek a mandate for closer co-operation.

The housing crisis prevents people from moving and companies from hiring who they need. If every council in England was building houses at the same rate as Milton Keynes, we'd be building 460,000 a year, not failing to hit our 300,000 target. I'm pro-devolution, but if councils are failing to deliver the homes we need, decision-making powers should be taken off them.

Businesses and households are held back by high energy costs. Tax receipts from new North Sea oil and gas approvals should be funnelled into cheaper energy: insulation, heat pumps and electrification to cut bills and emissions. We must show that the net zero and growth agendas are not in competition.

Progressive capitalism also means tax reform. As the fourth industrial revolution arrives, we are taxing the very thing most at risk — labour. The balance needs to be tipped from work to wealth. I propose equalising capital gains and income tax rates with new allowances for reinvestment, entrepreneurs and indexation, so that inflationary gains aren't taxed at all. Half of capital gains taxpayers would be better off as a result of this pro-growth, pro-fairness change.

All of this is possible within the fiscal rules, proving that the current debate between reckless disregard and helpless paralysis is a false choice. When our debt-to-GDP ratio is near 100 per cent, fiscal discipline is not a constraint on social democratic ambition but the means by which it becomes sustainable.

Britain must grow again — and grow together — so the next generation gets a stake, not just the bill. We still can.