

# Thank heaven for the public sector

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Will Hutton echoed a tune I have oft played here [in his column](#) for the Observer today, saying:

*Why, I have begun to think, can the private sector not be as responsive to client needs as the public sector?*

*This is, I know, a question that defines me as a maverick; everyone knows that the public sector is a slough of inefficiency while the private sector is the home of innovation, enterprise and customer service. All I can say is: not in my recent experience.*

I'd add, not in my frequent experience. The 'group think' that supports the hypothesis he roundly debunks is so obviously wrong it seems almost absurd that we have to celebrate those who challenge it — and yet those of us who do challenge the absurd notion that people are only efficient if working for a private sector employer — who they neither know nor care about — is obviously absurd.

It is not the only absurd piece of 'group think' I have seen challenged this week. Take this further extract from Roger Bootle's [The Trouble with Markets](#):

*It is commonplace for successful business people to look on the activities of those in the public sector with disdain since what the latter do, they think, is merely redistributing wealth, rather than creating it, thereby imposing a burden on those who do create wealth. This view is not without some justification. However, the irony is that some of the activity that takes place in the public sector is genuinely creative, while a large part of what goes on in financial business, owned and managed by the private sector, is completely about distributing wealth — with large parts of the loot going to practitioners.*

I agree: and again it is massively refreshing to see people coming out of the wood work and saying what has been obvious for so long: finance is in effect a zero sum game, but when the information it provides is so heavily asymmetric and so much of what it does

represents market failure then not only does it reduce well being by redistributing wealth from the poorest to the richest in society (which is the main aim of secrecy jurisdictions) but it leaves all worse off as a result.

Remember, the biggest reason for our current pension crisis is that the future rewards of pensioners have been spent by the City today.

The solution has to be in the public sector: the private sector cannot deliver most of the financial services we need — and the ones it does supply are exploitative. This is no basis for an economy.