

Neoliberalism and the private sector are not the same t...

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I know Faiza Shaheen and respect her commitment to challenging the economic thinking that has done so much harm to the UK. But I disagree with something she said this week, and I think it matters.

Speaking on LBC's [Cross Question programme on Wednesday](#), she discussed what ending neoliberalism might mean. I came across the conversation via a social media clip and had to check what she said, which was, in the context of the Budget:

He said, we're going to end neoliberalism. And what does that mean? That means you take the private sector out of, you know, every aspect of our life and our public services.

I disagree. Ending neoliberalism does not mean ending the private sector. The two things are simply not the same. In fact, confusing them is what philosophers call a category error. That means treating two fundamentally different things as interchangeable when they are not.

The private sector is a part of the economy. It includes businesses, from the smallest sole trader to the largest multinational corporation.

Neoliberalism, by contrast, is a political and economic ideology. It is the politics of austerity. In economics, it is the belief that private businesses and markets do things better than governments, and that making profits matters more than meeting people's needs. In practice, this means cutting public spending, privatising public services, reducing regulation and keeping taxes low, especially for the wealthy.

The private sector and neoliberalism are, then, very different things. Some in the private sector might be neoliberal. At the same time, many neoliberals have never worked in a business and have no idea what they are talking about. There is, then, no perfect overlap between the two. It would be wrong to imply otherwise.

You can have a thriving private sector without neoliberalism. A properly functioning mixed economy requires one. I think that is essential.

Equally, [neoliberalism depends heavily on government](#) intervention, as I argue in the morning's video. Governments create markets, enforce property rights, protect financial interests, subsidise businesses and frequently rescue them when things go wrong. Neoliberalism has never meant the absence of the state. It means using the state to advance particular economic interests. That distinction is fundamental.

I want to end neoliberalism because I reject the idea that supposedly profit-maximising private businesses should determine how our economy allocates all resources. This is because, firstly, in reality no one knows how to maximise profit, making this idea a work of fiction when applied in the real world, and secondly, this idea becomes an excuse for the creation of deep inequality in our society.

But that does not mean I want to end private enterprise, and I admit I have no idea why Faiza Shaheen would say that she does. I have no problem with private businesses flourishing when they meet real needs, obey the law, provide decent employment, innovate, contribute to society and respect the communities that host their activities, as many do.

At the same time, I also want government to recognise that markets cannot, and should not, determine all outcomes in society. Public services, economic security, environmental protection and the distribution of wealth require political choices based on public purpose, not simply the pursuit of profit.

Getting this right really matters, and if we define neoliberalism as the existence of private business, we make the case against it unnecessarily difficult. Worse, we allow its defenders to suggest that anyone opposing neoliberalism must also oppose business, enterprise and economic freedom. That is simply untrue.

The real question is not whether the private sector should exist. Of course it should. The question is who the economy should serve, who should have power within it, and what responsibilities we owe each other. That is the debate we need to have, and we will not have it successfully if we confuse neoliberalism with the private sector.

I was sorry to hear Faiza Shaheen make the mistake that she did on LBC. To claim that opposing the corrupting influence of neoliberal thinking requires the removal of the private sector from all aspects of our lives is just wrong.