

Social Europe

Neoliberalism: still to shrug off its mortal coil

[Colin Crouch](#) 5th January 2024

In 2011 Colin Crouch's *The Strange Non-death of Neoliberalism* appeared to acclaim. Its author reflects on a shifting landscape since.



Faith in finance and market fundamentalism did not die with the crash but it has been dented (Jos Temprano / shutterstock.com)

The past decade or so has seen some steps forward in the desperately needed project of making capitalism fit for society, but there have also been backward steps. This has been played out in the fate of neoliberalism—the political project of market deregulation and commodification of public goods—and, relatedly, the power of business lobbies and the growth of xenophobic populism.

I still think I was right, in the years following the 2008 crisis, to speak of neoliberalism's '[strange non-death](#)' (the title was a play on George Dangerfield's [history](#) of the downfall of Britain's Liberal Party a century earlier, buffeted by events, *The Strange Death of Liberal England*). At that time many on the left thought that the crisis—a consequence of deregulatory changes to the global financial system—would prove a death blow to that set of

political practices, [dominant](#) since the 1980s. But neoliberalism had become embedded in power structures that would not let go.

Yet its hold has since been dented, by more than I expected. Three factors have been in play—two I should have anticipated, one I could not have foreseen. I should have realised that there would eventually be a [kickback](#) against the globalisation that was a fundamental part of the neoliberal project: every action brings a reaction, albeit complex. I should also have realised that the climate crisis must at some point permeate political priorities. I could not have seen, though, Covid-19 coming down the track.

Utter inadequacy

The climate and coronavirus crises—one chronic, the other acute—have demonstrated the utter inadequacy of unregulated markets to cope with disasters requiring massive, expensive [collective action](#). Neoliberals are therefore likely to be found among climate-change deniers and those who think the significance of Covid-19 was greatly exaggerated. Though they themselves reduce all social action to ‘rational’ individual market behaviour, they thus rub shoulders with far-right conspiracy theorists and fantasists.

In the face of these crises, governments of all colours relaxed budgetary rules and accepted the need for major public action, including the use of debt for important infrastructure projects. Prominent alongside them has been the [European Union](#), with NextGenerationEU and the associated [National Recovery and Resilience Plans](#). Latterly, Ngozi Okonjo-Iweala, director-general of the [World Trade Organization](#)—once the symbol of the neoliberal global order—has [called for](#) subsidies to tackle the climate crisis.

At first it seemed these might be irreversible steps but recent developments suggest they were just faltering ones. The neoliberal hawks are converging to demand a return to ‘fiscal rectitude’. The pandemic has passed (perhaps) and the deficit spending it necessitated must now be brought down, they assert, through a new wave of destructive and procyclical [austerity](#). Battle remains joined: is Germany really going to rejoin the ranks of the ‘[frugal](#)’ states, insisting that damage must be done to economies already in difficulties? And is the European Central Bank [returning](#) to old ways which appeared to have been wisely superseded?

At least there is no official turning back—at EU level anyway, if not in all member states—on the need to confront climate change with major public and private investment in technologies that can reduce [carbon emissions](#) and provide [industries and jobs](#) for the future. Here the threat to progress comes not from neoliberal ideology but from the powerful corporate lobbies which surround all public decision-makers. It is in their activities that capitalism continues to render itself unfit for society.

Shocking moment

A shocking moment was the decision by the German government last March to [surrender](#) to its motor industry and force the EU to go back on its 2030 target for phasing out vehicles powered by fossil fuels—this from a government including the world’s most important green party. But there have been many other arenas where valuable regulatory initiatives have been diluted or abandoned when the lobbies have got to work: [banking](#), the ‘[gig](#)’ economy, [food standards](#), ‘[social media](#)’, [artificial intelligence](#) and so on.

What usually happens is that the European Commission produces enlightened proposals for regulation in the interests of human health and welfare, or the security of the planet, but then has to pass these on to fora where politicians and nation-states have power. Capitalists warn them that they will not invest in Europe if it insists on high regulatory standards—China and the United States will always be more accommodating. In the European Parliament the European People's Party has become little more than a transmission belt for corporate demands.

Social democrats too are wary of offending business interests. They are terrified of damaging the growth they need to satisfy their voters' concerns, and vulnerable to pressures to go slow on measures to protect the environment. These clearly require changes in all our lives and many cost money, at least in the short term. Even though the very wealthy are [responsible](#) for far more than their share of carbon emissions, costs will fall on everyone. They could only be eased via substantial public subsidies, to enable working people to buy electric vehicles, install energy-saving heating systems and insulate their homes. But subsidies on this scale would require central banks and the financial institutions to recognise the need for public debt during a prolonged transition.

In the end, there would of course be major savings on energy costs. But that requires a long-term perspective, a commodity thin on the ground. Investors' time horizons can be shortened to nanoseconds. Politicians cannot think beyond the next election and are usually too opportunistic to accept the inter-party consensus required to establish policies that will endure. And citizens have become very mistrustful of politicians, when social trust is a prerequisite of political long-termism.

Corporate lobbies can thus seem invincible, especially in sectors such as [fossil fuels](#) and [new technologies](#), where highly imperfect competition has enabled massive fortunes to be accrued and then deployed politically. Yet the fact that the corporations keep resisting attempts at reform is because those attempts keep being made. And there is progress of a sort on combating carbon emissions—[more in the EU](#) than in most places on earth. There is greater awareness of, and some policy response to, the dangers of many food additives. And the plight of platform workers has at least become a political issue.

Convenient scapegoats

The same neoliberal globalisation that has facilitated the [steep inequalities](#) of wealth that stand behind corporate power has also brought us today's worst problems beyond catastrophic climate change. It has forced citizens to encounter institutions and people outside the circles of their experience: global firms that have cannibalised once-familiar national brands; an internationalised financial system way beyond their comprehension or reach but capable of damaging their lives; international organisations seeking to bring some order into this chaos but in so doing challenging the role of national governments, and immigrants from unfamiliar parts of the world.

While such globalisation might be challenged at various points, the convenient scapegoats on which to vent impotent rage are those immigrants and other members of ethnic minorities. For politicians and citizens alike, it takes courage to confront global capital and arcane knowledge to understand how the financial system malfunctions. It is however easy and cost-free to turn against people who just have a different look or language, while nationalism offers an appealing rallying-cry to stop the world.

Populist '[nativism](#)' is thus proving the most energetic force in politics, whether in challenging established parties or (as in the United Kingdom and US) taking over conservative ones. While green parties have been around since the 1980s, and address the most important issues facing the world, they have been rapidly overtaken by such [xenophobic newcomers](#).

Political mobilisation of all kinds depends on emotional commitment. That in turn depends on identities around which emotion can be aroused. The mass 20th-century parties of western-European democracies, socialist and Christian-democrat, were respectively rooted in strong identities of class and religion. But these do not work anymore: the classes of post-industrial, '[informational](#)' capitalism are amorphous and have no history of shared struggle, while Europe is now a secular continent and its churches no longer solicit strong commitment. While US evangelism is a different story, all this is even more true of most of central and eastern Europe.

Nationalism and hatred of the foreigner are in contrast major stirrers of political emotion in societies facing a challenging world. Because they offer only xenophobic 'solutions', however, they are useless in the battle against capitalism's [actual misdeeds](#).

While some traditional conservatives are [capitulating](#) to the far-right agenda, the difficulty for the contemporary left in confronting this antagonist lies in its inability to find a similar emotional charge. Seeking a *mélange* of various ethnic and sexual minorities, as practised by the proponents of 'identity politics', succeeds only in [reinforcing](#) their minority status. Sliding towards the xenophobic agenda—a temptation to which some on the left are [also succumbing](#)—serves only to legitimise extremists and encourage them to go further.

As Gabriela Greilinger cogently [argues](#), the liberal left cannot win by following (and thereby further legitimising) the xenophobes or by letting itself be painted as part of an 'elite' dismissing their voters. The liberal left has instead to direct public attention to the role of dominant capitalist interests in creating many of today's popular grievances.

Formidable antagonist

While the left might be condemned to lose battles over strong political emotions to the xenophobic right, it has other resources. Governments of the right can perform badly to the extent that their rhetoric cannot save them from defeats. Concern at environmental damage is becoming widespread and politicians who deny its reality may well be punished. A young generation [can be mobilised](#) on this issue, as their future is threatened.

Even governments themselves can become so concerned at the damage to health caused by certain foodstuffs that they confront the industry and impose regulation—after all, it happened to tobacco. And only the most ideological neoliberals will deny that the deteriorating public physical and social infrastructure that has been their great legacy requires massive reinvestment.

Social democracy's traditional capitalist opponent, strengthened by its global reach and assisted by nationalism's distractions, remains a formidable antagonist. Its continuing power is probably enough to ensure that no transformative victories can be won against it, but that does not mean that it can win every battle against the [red-green alliance](#) that must constitute the left of the future. The war itself is one without end and therefore without a final victor.



[Colin Crouch](#)

Colin Crouch is a professor emeritus of the University of Warwick and external member of the Max Planck Institute for the Study of Societies in Cologne. He has published widely on comparative European sociology, industrial relations and contemporary British and European politics.