Article by an MPIfG researcher
The original publication is available at the publisher's web site: http://dx.doi.org/10.1080/14616696.2012.676457
1. What is the significance of the current crisis to the position and future of capitalism?

The crisis of 2008 revealed the unsustainability of the Anglo-American financial model that had become the main vehicle for the Anglo-American form of neoliberalism that has increasingly dominated the world since the 1990s. What had been promoted as a model of monetary discipline and free markets turned out to be based on irresponsible levels of consumer credit and the domination of key sectors of the economy – especially finance – on politically embedded global corporations. However, the fact that these firms and in particular banks are so politically powerful has meant that, rather than being discredited by the crisis, they have only demonstrated the dependence of governments and indeed populations on them. I have tried to account for all this in my book *The Strange Non-Death of Neoliberalism* (Polity Press, 2011).

2. What does the crisis mean to the social development of Europe?

It has been disastrous. The priority given to reducing public debt and making the world safe for banks has meant that the already weak social agenda of the European Union has been completely pushed aside. The countries of southern Europe – especially Greece, which is something of a case of its own – are being asked to dismantle much of their collective social policy and infrastructure support. It is true that many of the existing public programmes in these countries are poorly designed for promoting
competitive, up-market modern economies. But they are not being given the opportunity to switch to policies for the social investment state, just to cut back.

3. What have been the most distinctive features of the crisis in your country or region?

My country, the UK, was at the heart of the initial crisis, as it is one of the principal homes of the discredited financial system. We currently have a recession that is hurting people on moderate and low incomes, but the economy will eventually come through this. The main long-term worry is that, so much of our economic trajectory being based on the financial sector, the discredited model will be back in action before long. True, government has introduced a new regulatory framework that in principle should discourage much of the irresponsible behaviour, but this will not be implemented until 2019, which gives the banking lobbies plenty of time to weaken it. I fear that the UK is trapped in a path dependency of reliance on the financial sector as its principal area of competitive advantage. This country is therefore likely to block European and international attempts at true reform.

4. Are the crisis and the reactions to it changing the social and political landscape of your country/region, alternatively Europe? Why or why not?

In the short and medium term one has to predict the reassertion of neoliberal strategies, for the reasons stated under 1 above. But there is another noticeable change. In many countries – including even the UK – there is now more criticism and suspicion of the behaviour of banks, other large corporations and the wealthy elite in general. This could lead to interesting political changes in the longer term.

Colin Crouch is Professor Emeritus, Warwick Business School, University of Warwick, Coventry CV4 7AL, UK.
Email: c.crouch@warwick.ac.uk