

Even the FT recognises there's a crisis in capitalism n...

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The FT has begun a new series on the crisis in capitalism. If you want evidence that the issue of the end game of neoliberalism has arrived then this must surely be it, even if Larry Summers is the first to comment.

His article is largely uninspiring, [but this is worthy of note when discussing continuing structural faults in the economy that will, he thinks, survive any recovery:](#)

These are driven by sharp increases in unemployment beyond the business cycle — one in six of American men between 25 and 54 is likely to be out of work even after the economy recovers — combined with dramatic rises in [the share of income going to the top 1 per cent](#) (and even the top 0.01 per cent) of the population and declining social mobility. The problem is real and profound and seems very unlikely to correct itself untended.

And that, in a nutshell is why it's not working. In both cases the solution is unsustainable.

Roll on The Courageous State that's needed to address such issues.

PS I've now read John Plender's article that introduces the series. This is in altogether higher league than Summer's article. As Plender says [when discussing the state of American capitalism:](#)

What is unquestionably novel is the ferocity with which US business sheds labour now that executive pay and incentive schemes are more closely linked to short-term performance targets. In effect, the American worker has gone from being regarded as human capital to a mere cost, or what was known in the 19th century as a “hand”. Yet this pursuit of a narrowly financial conception of shareholder value may destroy value for the ultimate pension beneficiaries — because of the disruption that slashing and burning causes, and the cost and time involved in hiring and retraining when conditions improve.

That underlines the “agency problem” at the heart of the banking and boardroom pay

sagas. The accountability of management — the agent acting on behalf of the highly dispersed beneficiaries of equity ownership — is fundamentally flawed.

Quite so. And as he also notes, this is a failure of the agency / principle model that [Ian Fraser also notes](#) when blaming the City for a failure to supply pensions in the UK. If Plender is setting the tone then this series is going to be worthwhile. And it's an encouraging sign that he set that tone quoting [Stewart Lansley on inequality](#) - where his work is, I think, really important.