

The absence of customers with money to spend is going to...

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Andy Crow suggested why neoliberal austerity might end in a comment posted on the blog overnight. [He said](#):

Businesses need customers with money to spend. They are getting thinner on the ground by the day.

He's right. They are. And not just in the UK. That's true pretty much everywhere.

This is going to hurt. New money gets its value from markets. And markets get their value from the belief that there will be future profits which people (call them pensioners and others whose funds are directed by witless pension companies) will buy into now in the hope of securing a share of that profit at some time in the future when they might need to live on it.

New money has, however, been heavily associated with neoliberalism and all that goes with it. Including austerity.

But neoliberalism and austerity have downsides. One is that, as Andy notes, people don't have enough to spend. And, second, they don't have enough to save. The deregulation of pensions was exacerbating this. The sole reason for enforcing new pension contribution payments in the UK was, in my opinion, to defeat this trend for the gain of capital markets, again in my opinion. Pension provision has nothing to do with it.

And if Andy and I are right then all we need to know about the reasons for neoliberalism collapsing, as any Marxist will predict it should, are laid out before you. That's not because of a rising proletariat: it's because neoliberal economics has sucked the life and the income out of too many markets and too many lives.

The result is that the husk that is left is based on a belief that the system can continue as it has and yet the foundations that made exponential growth to date possible are being dug out by the very politics that this system promoted.

The creation of value has been substituted by the desire of the wealthy to secure a rent

that exploits others. That is what is sucking the life out of neoliberalism.

But remember, neoliberal economists are just hired hands. They have shaped politics, the economy and austerity. I do not for a moment pretend otherwise. But let's also be clear: they were funded to do so. As Nancy MacLean has suggested in [Democracy in Chains](#), the Koch brothers funded neoliberalism to suit their own goals. And now neoliberalism is going to fail its paymasters.

What then? In a world where the paymasters realise that they need prosperous people, to what creed will they then subscribe?

Or will they give up on the pretence of supporting democracy at all, and simply ignore the need for consent?

I don't know. But I do know that the absence of customers with money to spend, let alone save, is going to change the economic order.

We are in for an interesting ride.