Democratic Capitalism in the Last Stages?

Capital as Agency in Wolfgang Streeck's Analysis of the Crisis

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Abstract

Wolfgang Streeck's *Gekaufte Zeit/ Buying Time* contains a compelling analysis that points to the origins of the current crisis in the wave of strikes of 1968-69. It caused the capitalist class to try and wrest free from the post-war social (-democratic) contract forced on it by labour. However, not only does Streeck not pay attention to imperialism and war, he also tends to assume that capital-as-agency governed the entire period since, attempting to postpone the full social impact of the crisis in three different ways, restricting democracy as it went along. However, the three periods he distinguishes (inflation, state debt and private debt) were directed by changing coalitions of capitalist interests uniting behind a different concept of control—corporate liberalism and two versions of neoliberalism. This highlights that in 2008, when these remedies all had exhausted themselves, capital-as-agency in command was the bloc of forces led by speculative, money-dealing capital, which in the 1990s had captured the states of the West and steered them onto a path of high-risk, high-reward policies both in the economy proper and in international affairs. This explains why after 2008, solutions to the crisis followed this particular political-economic orientation, with more risk-taking in all areas on the agenda.

The debate on the crisis of 2008 continues to produce significant works, often concentrating on the fact that although the crisis was caused by neoliberalism, tackling it has not included a clean-up of the worst features of that particular form of capitalism such as off-shore, financialisation, or the flexibilisation of labour (e.g. Mirowski 2013). Wolfgang Streeck's *Buying Time* (here cited from the German original, *Gekaufte Zeit,* Streeck 2013) in this connection claims that the options for a democratic capitalism to find a way out of the crisis, after three attempts to postpone its effects, have been exhausted. It is this argument of *Buying Time* that will serve as a framework for organising my reflections here.

Streeck's conversions, first from and then back to a historical material position, are best left for the gossip column. Yet whilst it is a laudable step to pick up where he left off as a Marxist, the readings back from his earlier days are not sufficient to cover all aspects of the current situation. More particularly, his argument that we must conceive of capital as agency, a self-conscious social force, remains incomplete. It misses the dimension of capital/class *fractions* as moments/components in the process of class formation, their different abilities to weld class compromises with forces outside their own ranks, and the successive *concepts of control* (German, *Herrschaftskonzepte*) that guide them and society at large along a path of a certain, necessarily limited rationality. Corporate liberalism and neoliberalism are such concepts. Since these different concepts have very different implications in the sphere of, say, whether or not violence plays a role in the formulation of policy, we must pinpoint their precise composition in terms of ruling blocs. That this shortcoming is not immediately evident in *Buying Time* is also because Streeck does not really deal with imperialism, war and repression as aspects of a capitalism in crisis.

Fractions, Class Compromises, Concepts of Control

Streeck begins by taking his distance from the structuralist premise of Theodor Adorno (in whose honour the lectures brought together in *Buying Time* were delivered) and the Frankfurt School theorists. They employed a notion of capital as apparatus, not as *agency*; as means of production instead of class. Thus difficult class-theoretical questions, e.g., concerning the difference between managers and property-owning capitalists, small and large capital, and so on, could be avoided. But a theory of capitalism from which capital as agency is absent, remains anaemic (Streeck 2013: 43-4, 44 n., 47).

This is indeed the beginning of all wisdom, but it is not enough. To understand capital as agency we must realise that capital as such, as a totality, is never a given. When we look at it in class terms, we will see different axes of capitalist class formation, contesting the terrain among each other as they seek to build coalitions of interest casting their nets beyond the immediate concerns of firms/sectors from the process emanates—*fractions* of capital.

Forming from vantage points such as productive versus money capital, international, national, or sub-national/regional, and the like, fractions of capital in the process of class formation seek to transcend the initial principles which they must uphold to survive by developing a tentative, broader concept of control, a programme for managing a broad range of political-economic terrains. Such a programme requires the political-ideological talents of organic intellectuals who arise in the same process and who earn the patronage of powerful interests expecting to gain from it. These 'intellectuals' (professional politicians, corporate executives, participants in private planning groups, writers) may in fact be the first to see an opportunity and start the process. But they always are the ones who take the initial project forward into the sphere of politics, where it either blossoms out into a *comprehensive* concept of control, or not. For as Gramsci writes, politics is

> an immediate impulse to action which is born on the "permanent and organic" terrain of economic life but which transcends it, bringing into play emotions and aspirations in whose incandescent atmosphere even calculations involving the individual human life itself obey different laws from those of individual profit, etc. (Gramsci 1971: 140).

Hence groups that do not obtain any material reward, but only symbolic concessions, may yet become part of the constellation of forces supporting a particular concept of control: say, an armaments policy that benefits the military-industrial complex in real terms also satisfies the chauvinism of people who stand to lose from a warlike stance in terms of income, life-chances etc.

In that sense, a political-economic fraction profiting from a specific conjuncture, will succeed in making their particular interests appear as the interest of the entire capitalist class or even society at large (Hickel 1975). We can think of export-oriented capital when foreign trade opportunities are on the rise, finance in a period of restructuring when fixed capital is being liquidated, and so on. A successful process of class formation culminates in a stage where so many real and symbolic concessions have been made ('symbolic' generally referring to political aesthetics, often by conjuring up a threat that feeds into bellicose chauvinism) that no rival concept of control can hope to cover all these fields. One concept of control thus becomes truly comprehensive in that all political efficiency and success is premised on it and *all social forces, even those from whom the whole process emanated to begin with, must subordinate their immediate, short-term interests to this programme* (Bode 1979).

At the heart of each such constellation of forces, then, we must assume there are key *class compromises* that lend coherence to the starting point from which a concept of control can be developed before it merges with the conjunctural conditions under which other interests will be inclined to sign on—at a diminishing rate of actually inflecting the final result (which by the way, as a formula of the general interest, is never spelled out but is experienced as self-evident 'common sense'). Only when a concept loses its comprehensiveness and unravels will it be recognised as the *particular* project of *special* interests and lose this common sense quality.

So when Streeck proposes to enlarge the notion of a *legitimation crisis* (originally formulated by Adorno's student, Jürgen Habermas) by substituting the two actors identified in that theory, the state and the citizen (Habermas 1973) by three (the state, capital, and the wage-dependent population), what is still lacking is which fraction is providing the capitalist class interest with a specific thrust. Also, closely related, we must know whether or not, and to which extent, the 'wage-dependent population' is either part of the initial class compromise, a later entrant, or not rewarded at all except perhaps with symbolic gestures or sentiment.

Why is this important? Streeck's argument is that the crisis of a capitalism seeking to liberate itself from the democracy imposed on it after 1945, really dates from 1968-69. Since then, 'capital' (acting through the state) has tried three methods of postponing its full impact—inflation, state debt, and private debt—until in 2008, the entire edifice came crashing down. That suggests *four* crises of restructuring in which 'capital as agency' acted under different concepts of control, reflecting different fractional vantage points, based on entirely different class compromises, a different balance between material and symbolic rewards, etc. Thus in the last crisis, of 2008, 'capital' was the capitalist coalition formed (as I will explain) by speculative, money-dealing capital, immersed in high-risk operations both economically and politically, connected to the apparatuses of covert action and violent power projection that must compensate for the fact that it hardly makes any real concessions any longer outside the oligarchies in command. The environment too is only seen as an object of speculative gain, with an emissions exchange the typical (and useless) form of dealing with the crisis of the biosphere. Other 'solutions' too will carry the stamp of this particular coalition and the concept it operates under, and it was the same for the previous crises of restructuring. In each case, a different 'anthropology' is involved as well—from the responsible, 'embedded' citizen-worker of the 1950s to the atomised, 'elementary human particle' of today.

From this perspective, the immediate future, bar a political landslide away from capitalism altogether, may be much bleaker than Streeck envisages. Even his (already bleak) prediction that democracy may be abolished altogether, under the factual directorate of high-risk, covert operators, will exclude any negotiated reduction of democracy and instead involve provocation and war, covert action-induced emergencies and a suspension of rights. This is what is happening before our eyes. So whilst for capital as a whole we cannot be sure where it will be heading in seeking a way out of certain profitability constraints, from a fractional viewpoint in combination with the tendency in the conjuncture of profit distribution, the degree of probability in fact increases.[1]

Even if we follow Streeck's understanding of a legitimation crisis as arising from the dissatisfaction of capital with democracy and the obligations imposed by it, and his thesis that the functioning of the capitalist economy is not a technical but a political issue, as are growth and full employment, we should again specify this for the separate, fraction-to-'imagined totality' trajectories of each post-war concept of control. Crises indeed are not technical malfunctions but follow from legitimation crises of a special kind (Streeck 2013: 49), but these can be understood in a much more specific sense. In fact he says a lot that enriches our understanding of a concept of control and its inherent class compromises, as when he writes about capitalism presuming a social contract, in which *legitimate mutual expectations* are laid down formally or informally (Streeck 2013: 51). Again, a differentiation in terms of fractions works to enhance this understanding of capitalism as a time-bound, historically specific social order in need of legitimation, which crystallises in different forms in space and time; forms that are negotiable and are negotiated anew once the malfunction of *a particular format of the social contract*, that is, the comprehensive concept of control, becomes evident. I begin with the post-war concept of corporate liberalism (my terminology), because it was the crisis of this form of capitalism in 1968-69 of which the full impact according to Streeck was postponed several times until it exploded in 2008.

Corporate Liberalism after the War

Corporate liberalism is the liberalism governing relations between bodies internally organised along their own principles, so 'sovereign' in their own domains. It was based on the class compromise forced on capital by organised labour, with the strengthened Soviet bloc adding its weight to the balance of forces and decolonization

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[1] This is how I analyse, taking forward Bode's foundational argument, the process of class formation driving towards an Atlantic ruling class, in the book of the same title (1984).

announcing potential further shifts to the detriment of the West's pre-eminence in the global political economy. Economically it rested on Keynesian countercyclical state intervention, capital controls (allowing the Bretton Woods system of a gold-dollar standard with fixed exchange rates to function), and the spread of demand-led, Fordist mass production. This was what Streeck calls, the 'very specific settlement' in which capital had to make an effort to prolong and renew its social licence, whilst allowing politically determined social goals to govern the profit economy and yet avoid a spillback to fascism or yield to the temptations of the Soviet-type planned economy (Streeck 2013: 51).

In the terms introduced above, the fraction of capital positioned centrally in this set of intersecting influences and lending substance to the original New Deal and post-war Marshall Plan projections of a corporate liberal capitalist social contract was *productive capital*. The class compromise at the heart of the corporate liberal concept of control was that between capital and organised labour in production. In this sense we can speak of an epoch of democratic capitalism, at least for the North Atlantic political economy—not for Vietnam, or Indonesia, and other areas for which no parallel Yalta compromise (which in Europe included the legitimate presence of large communist parties outside the Soviet bloc) had been agreed. As such it is the strongest corroboration of the thesis that in capitalism, democracy does not depend on the bourgeoisie but on the presence in force (including, in the state apparatus) of organised labour (Rueschemeyer et al. 1992). Streeck notes that in the course of the 1950s and 60s, election turnout increased everywhere (2013: 87).

The global wave of wildcat strikes in 1968 and '69 then signalled to the capitalist class that social protection and countercyclical crisis management had lasted too long and capital found that is manoeuvring space for further concessions had been closed (Streeck 2013: 53). As full employment was undermining workplace discipline, managers were reminded of Kalecki's 1943 thesis concerning the need to maintain a certain level of unemployment to cushion labour militancy. Capitalists now began to prepare for evacuating the post-war social contract, abandoning their erstwhile passivity and restoring their capacity to act and actively shape social relations, instead of being 'planned in' by democratic politics (Streeck 2013: 54). As noted, the capitalist crisis that we are experiencing today according to Streeck has its origins at that juncture. For since that time,

- the state postponed the full social impact of the crisis by throwing money into the breaches in order to neutralise and defuse potential social conflicts—inflation, state indebtedness, expansion of private credit markets and finally, in 2008, buying up state and bank debt by central banks;
- through these phases, capital has wrested free from the post-war democratic compact with labour by steadily reducing democracy and citizen's rights. Thus a phased unfolding of the fundamental tension between capitalism and democracy through a progressive liberation of the capitalist economy from democratic intervention, indeed a removal of democracy from capitalism by removing the economy from the sphere of democracy. What awaits us now is possibly the suspension of the remaining democracy itself.

This is the Streeck thesis. I will now go through these different phases, beginning with inflation. Like the New Deal prefiguring comprehensive, North Atlantic corporate liberalism, all these changes were initiated by the United States, although sometimes the rise to pre-eminence of different fractions occurred in or via other component parts of the English-speaking West, or as I call it, the 'Lockean heartland'. 'Europe', that is, the expanding Franco-West German compromise out of which today's European Union evolved, followed the trend. It also necessarily suffered from the successive crises/transitions, because the continental European economies are structurally far less amenable to the neoliberal departure(s) from corporate liberalism—the further to the south (beginning with France relative to Germany), the less.

The Decade of Inflation and Its Architects

The first instance of 'buying time' following the crisis of 1968-'69, the decade of inflation, was not neoliberal, it was *charted by productive capital under its compromise with labour*—indeed deepening the compromises on which post-war capitalism had been built in the first place. 'The inflationary money policy of the decade following the strike wave around 1968 secured social peace in the context of a rapidly expanding consumer society' (Streeck 2013: 62). Inflation enlarged, at least seemingly, the 'cake' to be distributed without really making it larger. Inflation not only prolonged the class compromise with organised labour but also brought out the underlying compromise on which the standoff with the Soviet bloc, agreed at Yalta in 1944 (again, the division of *Europe*) had been based.

Détente resulted from the eroding bloc discipline in the two zones of limited sovereignty. The Atlantic ruling class had to deal with a Gaullist rebellion leading elements of the European capitalist class to explore economic opportunities in the east, and with Greek pressures for democracy (which were only kept in check by a NATO-supported military dictatorship from 1967 to '74). In the 1970s the West also came up against a 'Eurocommunist' challenge, respectful of Yalta but not necessarily of corporate liberal capitalism. The Soviet state class in turn faced the 1968 Czechoslovak 'spring', likewise a politically hybrid development it feared it might not control, Rumania's explorations beyond the Yalta divide, and so on. The United States also ran up large deficits in order to continue its doomed war in Vietnam, a costly disaster that in August 1971 forced it to cut the dollar from gold.[2]

The point here is that this decision, which opened the decade of inflation, was essentially an action following the logic of the corporate liberal concept of control and its core class compromise with labour. So it was not just 'capital' which 'bought time' but to a particular fraction of capital and its organic intellectuals (politicians, economists, and so on) doing it *for* capital, in this case, *productive* capital first. The decision to end the (already restricted) exchange of dollars for gold had mercantilist overtones, with the ten percent import duty the clearest sign of the interests of productive capital dictating it. Likewise, abandoning the fixed exchange rates of Bretton Woods was not originally conceived as a step towards a liberalised financial regime, on the contrary. In the Nixon administration only George Shultz, and at a further remove, Charles Kindleberger among economists, thought along the lines of making US deficits a foreign investment proposition. The others were still corporate liberals focused on Keynesian deficit spending having to be recouped later in the business cycle (Bassosi 2006: 34). Productive capital concerns also expressed themselves in the incomes policy advocated by the head of the Federal Reserve, Arthur Burns, a hard Rightist no doubt, who was irate about the wave of strikes and who, to quote the New York Fed's own report, was strongly opposed to any attempt

[2] I have elaborated this history at length in my *Global Rivalries from the Cold War to Iraq* (2006)

‘to “buy” low levels of unemployment by tolerating inflation’ (cited in Panitch and Gindin 2012: 141—note the terminology, the opposite of the Streeck thesis).

Even so, the authoritarian undertow of the incomes policy was aimed at enforcing the corporate liberal class compromise on the terms prior to the 1971 turnabout. Even more ominously for the still marginal neoliberal tendency, the productive perspective was echoed in the 1975 proposal for a national economic planning body ({Panitch and Gindin 2012: 143). Elsewhere I have documented the autonomisation of the managerial cadre in the context of the crisis of the 1970s, and their role in the ‘planned interdependence’ of the period—the credit-financing of the industrialisation aspirations of the Third World coalition for a New International Economic Order as well as Soviet bloc modernisation with inflationary dollars accumulated in the London Eurodollar and Eurocapital markets.[3]

In Europe, too, the productive capital perspective and its inbuilt class compromise with organized labour were still guiding policy, not only via the rise of the Left in southern European and Social Democratic governments or majority coalitions in the north. Even in Britain a Tory prime minister, Edward Heath, after a visit to West Germany returned with the idea of fostering ‘finance capital’ combinations modelled on the continental model whilst attempting to rein in labour militancy by (mildly) authoritarian legislation. Yet this drew the fire of the employers’ organisation CBI for …spoiling the relations with organized labour (cited in Overbeek 1990: 160; on Heath and capital groups, Ramsay 2002: 12-13). The key step was of course British entry into the European Community in 1973, a step again motivated by Heath’s expectation it would stimulate Britain’s *industria*l modernization (Overbeek 1990 157).

In sum, Stephen Gill writes, ‘the dangers in Nixon’s policies… were the way they nurtured “domestic” forces, and, by undercutting the welfare of key allies, undermined the *international consensus which was needed to manage the system effectively*’ (Gill 1990: 136, emphasis added). In the second half of the 1970s, when the capitalist economies were hit by a marked decline in the growth rate in spite of rising inflation, a period of stagflation set in that eventually, in 1979, led the US Federal Reserve to intervene and raise interest rates to around 20 percent, thus terminating inflation until the present day (Streeck 2013: 63; see the statistics in Panitch and Gindin 2012: 142, table 6.2).

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[3] See my *Transnational Classes and International Relations*, 1998, pp. 156-8.

Thus the proliferation of the class and international compromises of the corporate liberal epoch, bolstering the forces opposed to the operation of liberal capitalism nationally and internationally, provoked a counteroffensive, not from capital per se but specifically from *money capital*. This explains why such a sharp turn was made after the inflationary prolongation of the post-war compromises.

The Turn to Systemic Neoliberalism

From Wolfgang Streeck's perspective, capital in the late 1970s 'withdrew its consent from the post-war social contract by denying it the necessary investment funds' and the history of the system since the 1970s can be understood as the struggle to free capital from social regulation forced on it after the war. *Capital* no longer trusted a state which almost everywhere had fallen into the hands of Social Democratic governments or coalitions (Streeck 2013: 54-5, cf. 45). What was in order was to end the inflationary prolongation of the post-war social contract with organised labour, a high-risk operation given the resistance that was to be expected on the part of the trade unions and which had to be broken at all costs (Streeck 2013: 64).

However, it was not capital as such acting here, but a different fraction leading capital and imbuing society as a whole with its particular perspective. In other words, the capitalist class and the managerial cadre and all other auxiliary and subordinate social forces switched the pursuit of their interests and expectations to a concept no longer formulated from the vantage point of productive capital. Instead it was formulated from the vantage point of what '*was needed to manage the system effectively*' (as above). It is as important to recognise the internal struggles *within* the capitalist class as to see the struggles with labour, in international relations etc., if we want to be able to predict the shelf-life of a particular format of capitalist development and especially, to see the political crisis moments in the transition phase from one concept of control to another, as the 'outgoing' leading fraction continues to pursue solutions typical of the concept unravelling. So the head of the CBI protesting that anti-strike legislation was spoiling relations with organized labour, cited above, was simply arriving late at the party.

Now the fraction perspective available to 'manage the system effectively' can be any one. But in the conditions of capital abrogating the post-war class and international compromises, and intent on shifting production to locations *outside these* *compromise*s and hence, liquidate previous positions including breaking the mould of the national state compartmentalisation in order to establish a global political economy, in the circumstances was *money capital as the embodiment of capital in general*.

For production to take place, the cycle of industrial capital must 'land' in what David Harvey calls, 'human resource complexes… to which capital must, to some degree, adapt' (Harvey 2006: 399); after which it resumes its 'circulation' in the form of commodities for sale. Under the compulsion of competition, capital in money form is then reinvested, not mechanically in the same type of activity but only after a survey of all productive opportunities, which implies a comparison of all 'human resource complexes' in relation to markets, transport costs, and the like. Under the compromise with organised labour, and various ramifications such as capital controls, state countercyclical policy, etc., the human resource complexes were very much fixed in *national* spaces, but this was now to be opened up.

If the 'moment' of liquidation of fixed assets and the attendant relations of production assumes the quality of a systemic correction, as it did between the crisis of 1974-75 and the early 1980s, the commanding heights of the cycle as a whole, money capital, must be given the manoeuvring space in which it can perform this reordering. This then was the juncture at which the revocation of the post-war social contract ushered in the epoch of neoliberal capitalism, but with the emphasis (initially) on the *systemic* aspect, not the *predatory* neoliberalism that would follow. It was intended, first of all, to bring back the income share of the capitalist class to the pre-war level and everywhere produced rapidly increasing inequalities (Streeck 2013: 58; Piketty 2014).

For the core Lockean heartland, 1979 was the cut-off date in which the entire set of compromises on which the previous era of corporate liberalism had been based, was called into question. Besides the abrogation of the class compromise with organised labour in production, it also was the year of the NATO missile decision, intended to scuttle détente and launch a new round of confrontation with socialist forces as around the globe obstacles to the restructuring production were to be removed. This time the new Cold War was really 'waged', not as a posture on the basis of an (incomplete) international compromise as at Yalta, but as a fight to the end. 1979 was also the year of the Volcker Shock which squeezed inflation from the system by raising real interest rates to around 20 percent, and thus kicked the world into the debt crisis. This was the crisis of sovereign debt, Streeck's second instance of 'buying time'. It worked to cut the classes and states profiting from inflation down to size economically just at the time when a violent crusade (announced already by the fascist coups in Chile, Argentina, and other Latin American countries, as well as the 'Strategy of Tension' in Europe) was launched against them.

The new posture of the capitalist class, formulated from the vantage point of systemic money capital, entailed a class compromise with *asset-owning middle classes*. Propertied middle classes had been mobilising against the corporate liberal consensus and exploiting its 'legitimacy crisis' from the late 1970s, but they were only a subordinate force in the transition. At such a juncture alternative concepts are being formulated, all striving for comprehensiveness. Yet only one will triumph in the end—for as long as it lasts. It then also captures and reorganises the state. Streeck mentions that the taxpayer movement resisting levies, and agitating under the banner of 'starving the beast' (the state), no longer trusted as the embodiment of the general interest (Streeck 2013: 103).

One is reminded of the fact that this class compromise and hence, the ascendant concept of control, is shaped by class struggle; as was the case with corporate liberalism in the 1930s. However, the neoliberal concept that like took the place of corporate liberalism in the transition period necessarily came to rely on 'the beast' again (a strong state), because every concept of control finds its ultimate expression in the state/group of states, in the sense of the specific format of class relations *condensing* at that level (Poulantzas 2008: 307). As with changing capitalist fraction roles, we are looking at changing forms and orientations of states.

The tax revolt, as a process of class formation, fed into a form of state relaxing the tax burden on the upper income groups; governments reduced taxation and then borrowed from those it no longer taxed, obviously aggravating the public debt (Chesnais 2011: 113). Privatisation policies also gave asset-owning middle classes a chance to profit from booming stock markets, whilst rising asset prices, notably of real estate, allowed middle classes to borrow against the value of their (mortgaged) property. However, as Streeck highlights, after the restrictions on democracy by rolling back trade union power and blunting the ability to strike, the contraction of debt and reduction of public services to pay for it to middle classes no longer taxed at former rates, also further reduces democracy. Democracy, he writes, is about the identity between the population as the principal and governments as the agent, which should be sufficiently strong to make former subscribe to the debt obligations incurred by the latter—irrespective whom they voted for and whether the credit was ever destined for them (Streeck 2013: 138). Of course as public provision withers, the readiness to pay taxes can only further decrease (Ibid.: 176).

In addition to the compromise with asset-owning middle classes there also evolved a subordinate compromise in production with new groups entering the labour market such as women and the young and other hitherto marginalized categories of workers, in the sense that flexibilisation of labour to some extent corresponded to their individualised lifestyles (Streeck 2013: 60). Here the role of postmodern culture with its rejection of hierarchies and established rights also contributed to shaping a popular base for attacking organized labour in the name of 'combating rigidities', a notion spreading with the new volatility of finance (Harvey 1995). All this of course does not compensate for the momentous loss of influence of labour, 'the wage-dependent population', which would double in size once China as well as the Soviet bloc and its outliers were thrown open for investment in the late 1980s.

In the Anglophone Lockean heartland the systemic neoliberal concept crystallised first; outside it, Streeck argues, the neoliberal orientation of the European integration process too dates from the 1980s, when the de-democratisation of the economy and the bracketing of democracy from the economy began (Streeck 2013: 147-8). He cites a 1939 article by Hayek which argues that moving decisions to a supranational level already implies a neoliberal tendency (Streeck 2013: 144-5). In Europe, the newly founded European Round Table of Industrialists after a brief flirtation with protectionism reflecting the outgoing corporate liberalism (notably in France under Mitterrand, the 1980-83 period), became the spearhead of making continental Europe conform to the ascendant concept of systemic neoliberalism. It fell in line with abrogating the class compromise with organized labour as it identified inflexible labour markets as hampering 'competitiveness', which in a sense was true, coming after the defeats of the labour movement in the United States and Britain and other Anglophone heartland countries (van Apeldoorn 2002: 67-8).

The transition was accompanied by Delors' move from the helm of Mitterrand's failed Keynesian experiment to the European Commission, supposedly for a second try at the appropriate level (the level at which, as Streeck cites Hayek, the odds are against any sort of compromise with labour). In fact therefore he managed the neoliberal wave by announcing the completion of the European internal market and modelling European policy along the lines of the German high productivity/low inflation export strategy (van der Pijl et al. 2011: 392).

In the course of the 1990s, governments began to worry about the share of debt service in their budgets whilst creditors starting worrying about the ability of the states to pay back their debts. Once again the United States took the initiative to curtail social spending and restore a balanced budget under Clinton (Streeck 2013: 66). O'Connor did not yet recognise in 1973 that the growing burden of debt service itself would be a major factor in the fiscal crisis (Streeck 2013: 109; O'Connor 1973). One can look at the debt state in light of 'buying time' but one can also see it as the emergence of a new political formation. The privatisation of state assets in the process reduced the state role in the sphere of social protection, tasks which were now delegated to the market (Streeck 2013: 110). Also states resorted to forms of advance financing in order to avoid breaking constitutionalised limits on public debt. Public-Private Partnerships are such a form, in that states ask private firms to provide credit for public works (building hospitals etc.) that are then paid back over decades, usually at very unfavourable rates for the public purse given the relative incompetence of governments faced with international lawyers assisting the companies in drawing up PPP contracts (Streeck 2013: 174n.). Here I would add the element of criminal complicity given the ease with which ministers move from public office to the private sector they had been dealing with when in office, as in the case of the British NHS (Pollock 2004).

The Final Round: Privatising Debt under the Auspices of the 'Financial Services'

As a result of the assault on social spending, a new legitimation deficit threatened, which was responded to by a new round of liberalising capital markets to provide further means of payment, in this case by creating private debt, or 'privatised Keynesianism' (C. Crouch). This is the third way in which the fund of disposable resources is increased and purchasing power is created to try and close the gap with the promises made in the post-war period (Streeck 2013: 68-9).

Again I would argue that we must specify the forces involved in this third phase of buying time, in order to know who was in charge when it collapsed in 2008 and who wrote the script for dealing with that collapse and its aftermath. Here the fact that the restructuring away from nationally compartmentalised, compromise-rich corporate liberalism to a globalising capitalism under a neoliberal concept required lifting the restrictions imposed on money capital in the 1930s, plays the crucial role. For if money capital in the sense of quasi-*social* capital necessarily had to guide this process if it was to bring about a restoration of capitalist class power relative to the forces ranged against it nationally and internationally, *all aspects of that regime had to be loosened*. The financial repression achieved by the New Deal's centre-piece, the Glass-Steagall Act of 1933, separated high-risk, speculative international financial operations from low-risk, national deposit banking; only thus was productive capital able to accommodate to the militancy of the labour movement at the time.

The Volcker Shock of 1979 inevitably enabled a resurgence of this commercial form of money operations too. Here the abandoning of the fixed exchange rate regime in 1971 *did* play a role even if it occurred under the auspices of a productive-capital bloc (interestingly also including Paul Volcker in a key role as a Treasury official). Inflation expanded the amount of US dollars circulating across the globe and accumulated outside the reach of the US financial authorities notably in the City of London, especially after the OPEC cartel and others demanded an inflation correction beginning in 1973. Their dollar holdings caused the offshore Eurodollar and Eurocapital markets to balloon and served as a key source for borrowing by the Soviet bloc and the Third World coalition (Burn 2006).

Capital in money form, 'finance' thus got back in its stride across a broad front, step by step undermining the separation between speculation and deposit money (Glass-Steagall was formally revoked in 1999). This is best understood by looking once again at how money functions as a means of market exchange first, symbolised as the M (money) in between two forms of goods or services, C (commodities), so C – M – C. This includes what Marx calls 'money-dealing capital', say, trade in currencies or commercial paper. The profit that is made here is *commercial profit*, buying cheap and selling dear. Once money becomes capital, and is invested in production, the cycle assumes a different form, M – C (..P..) C' – M', and profit is based on surplus value obtained as unpaid labour in production (..P.. , and denoted by ', the value increment).

In developed capitalism, money-dealing capital, 'trade in financial services', remains operative. Unlike investment money with its 'systemic' view of the whole cycle, it is only marginally connected to the production of surplus value; it preys on it from the outside, via the profit distribution process, not directly (in the Institutionalist tradition of Thorstein Veblen, *all* forms of capital prey on production in this sense). Peter Gowan captures the shift with finance that occurred in the 1990s when he writes about the rise of proprietary trading and financial arbitrage that 'trading activity here does not mean long-term investment…in this or that security, but buying and selling financial and real assets *to exploit—not least by generating—price differences and price shifts*' ('speculative arbitrage', Gowan 2009: 9, emphasis added).

Here we are looking at money capital with a completely different, in fact 'irresponsible' attitude even from a capitalist point of view, hence the label, 'predatory' neoliberalism. The financial operators driving it forward by exploiting new accounting rules and legal loopholes after the definitive collapse of state socialism in 1989-91 assembled allies among politicians and ('micro'-)economists, into a rapidly widening array of forces eager to share in the bonanza. Streeck highlights how this frenzy was underpinned by a new theory of capital markets; which were now considered able to self-regulate rather than remain under state supervision (the 'efficient market hypothesis') (Streeck 2013: 69). Amidst the high-velocity movement of funds, flowing through offshore jurisdictions, asset bubbles became a regular feature of 1990s capitalism, culminating the predatory raid on Asian economies in 1997-98.

Just as corporate liberalism had produced the responsible citizen-worker, and systemic neoliberalism, the heroic late-20th-century bourgeois, predatory neoliberalism shaped an anthropology of its own in the form of the postmodern *homo economicus*, nervously finding his/her way in a jungle of potentially fatal choices in which all certainties have been suspended. Across the spectrum, predatory neoliberalism fuelled an attitude of anti-politics, since as Streeck emphasises, its ideological mantra is that markets distribute wealth through general rules, whereas politics brings into play power and connections. Once the idea has settled that the market is natural condition, its 'decisions' can be presented as falling from the sky and all politics dismissed as driven by 'interests' (Streeck 2013: 97). Organising for anything becomes suspect as interest-driven power-play, ultimately entailing new Auschwitzes or gulags.

The language of the epoch, still widely spoken today, is replete with demagogy, in which 'our side' is endowed with an inherent goodness in the confrontation with successive incarnations of evil—from Milosevic to Saddam and on to Putin. This aesthetics of politics takes the place of material compromises for which the space is closing down. Speculators in fact gambled away many of the assets the middle classes had counted on to bolster their wealth and even their social security. The aesthetics of politics, the invocation of highly emotive themes such as the 'tsunami' of foreigners invading our land, civilisation in danger, the threat of terrorism and war, thus substitutes for real material concessions, although pockets of compromise, carried over from the earlier phases, remain, both with organized labour and with asset-owning middle classes.

The thrust, then, especially after the turn of the millennium, has been in the direction of unrestrained predatory neoliberalism, with no barriers against risk-taking and with demagogy riding high. This is not a general condition of capital as such, but the operation of the system from the vantage point of money-dealing capital, immersed in risk and (often exorbitant) reward, and relying on deceit to obtain social consensus. After the collapse of the Soviet Union, and with the international posture both of China and of post-Soviet Russia not able to really challenge the pretensions of the US to lead the 'international community', promote 'good governance', etc., the risk-taking inherent in predatory neoliberalism has also spilled over into adventurous, high-risk foreign policy manoeuvres with an enhanced role for covert action.

At this juncture the European project too switched to predatory neoliberalism with the establishment of the Eurozone. As majorities for social protection became less and less possible as a consequence due to the adhesion of eastern European countries, the European Commission in the 1990 forced through the privatisation of large slices of the public sectors of member states in the name of competition law. Under EU Commissioner Mario Monti the German public banking system's competition rules, long an irritant to the private banks, were finally eliminated (Streeck 2013: 150, 150n.). Streeck provides some important pointers such as the fact that in the first decade of the 21st century the European Court of Justice became the chief executor of the 'Hayekisation' of the EU, or the 'European Union as a Liberalisation machinery' (Streeck 2013: 148). The Court's rulings concerning the right to strike and codetermination, in the name of untrammelled service provision and capital movements turned the EU into a machinery for liberalisation. Its high point was the Eurozone, in which the freeing of the capitalist economy from democratic constraints reached its pinnacle (Streeck 2013: 151; an earlier, positive analysis of the Court's role is in Cohen-Tanugi 1987).

Streeck calls the Eurozone a frivolous experiment as it removed the possibility of highly heterogeneous economies to defend themselves, without simultaneously abolishing the national states and national democracy (Streeck 2013: 250). The euro was indeed a project of and for money-dealing capital. The committee consisting mainly of central bankers that worked out the euro project in 1988-89 could not miss the pre-eminence of this form of capital even if it had wanted to—certainly after the European Exchange Rate Mechanism collapsed under the attacks of speculators in the early 1990s. Hence it recommended that the euro's role as a means of exchange would remain confined to the Eurozone, making the euro an investment object first of all. To attract short-term money flows, its interest rate (the sole monetary policy instrument of the European Central Bank at the outset), was set just above the US rate (Chesnais 2011: 90, 120; Varoufakis 2013: 198-9).

The mistaken but widely-held assumption that after the crisis of 2008, there existed a sort of pure capitalist vantage point, with its anchorage in the states of the West, which would be able to see that speculation had gone too far, etc., overlooks that capital as agency only comes about as a result of a build-up of a class coalition around a certain fraction, which thus is able to generalise its particular interest as the general capitalist interest and even the general interest altogether. The collapse of 2008 happened when the formula of the general interest was predatory neoliberalism advanced by money-dealing capital. There was no other capitalist or popular force that had been able to contest its hegemony. The idea that a crisis of this magnitude produces a rethink again abstracts from real power relations; the bail-out may briefly have looked like a return to Keynesianism, but in fact was about saving the banks with public money and consolidating the capture of the state by a bloc of forces operating under the auspices and with the world-view of high risk/reward money-dealing capital.

This socially irresponsible fraction, relying for social consensus on political aesthetics and demagogy, will not be able to find solutions that are rational even for capital as a whole, because its rationality is far narrower. There is no other form of capital waiting in the wings, and this is in fact also argued by Streeck (as when he writes that it has become practically impossible to determine what is state and what is market and whether the states have nationalised the banks or the banks have privatised the state, 2013: 71-2). However he also appears to assume a sort of commanding heights from which successive episodes of 'buying time' have been tried by capital as such, whereas in fact we are looking at never-ending struggles in which money-dealing capital has been able to reap the fruits of privatisation, liberalisation and flexibilisation of labour on a global scale.

A Terminal Crisis of Democracy?

As with capitalism, Streeck also tends to assume that there is a hypostasised ‘democracy’ which ‘failed to recognise’ the counterrevolution against the social capitalism of the post-war era, just as it ‘failed to regulate’ the financial sector in the 1990s (Streeck 2013: 111-2). Just as he tends to turn capitalism into a spectator witnessing its own corruption by speculation, he presents democracy a witness of its own demise. I should add immediately that this tendency in Streeck’s argument is contradicted by his own, often acute observations concerning the real relations of force (as when he describes the creditors of the indebted states as a second constituency, a sort of shadow citizenry far outstripping the power of the original constituency, the people; Streeck 2013: 118-9).

In fact capitalism, as I have argued above, never exists outside its own, momentary constellation of social forces, so it cannot by definition ‘correct’ any supposed aberrations in how it functions. That instance, a sort of independent regulator within the bounds of the system, does not exist. The same with democracy: democracy denotes the degree to which the population at large can influence the operation of the forces that govern it, both the formal government and the relations of production.

Here the claim of the *Communist Manifesto* that all history is the history of class struggle should guide our understanding, or Gramsci’s argument about Marxism as *absolute historicism*, an absolute humanism of history, for that matter (Gramsci 1971: 465). Only in the context of the real relations of force, in all their complexity, can we discover the ability for change; not by appealing, intuitively, to the good conscience of a social order. Because ultimately capital as agency appears to stand outside its own field of operation and thus retains an ability to ‘try’ different solutions, the notion of class struggle remains underdeveloped in this otherwise important book. More particularly absent is how class struggle reverberates in and is relayed through the fraction structure of capital as it strives to establish itself as agency embodying the general interest of capital. Hence the struggles within the capitalist class (nationally and internationally) remain in the dark, and democracy merely registers how in the development of class and fraction struggles, class compromises crystallize.

Here an echo from an earlier period appears to take the place of a developed class analysis when Streeck writes about Marx's idea of countertendencies, as in the case of the falling rate of profit, a familiar trope for the readers of *Capital* volume III (Streeck 2013: 15, 15 n.). The succession of instances of buying time seem to arise from one fundamental malfunction, due to the operation of these countertendencies which are conjunctural and necessarily temporary, as the incorporation of more spheres of life by capital clashes with the logic of the social life-world (Streeck 2013: 16). Yet here the author tends to overlook that the analysis of *Capital* volume III takes the analysis of class struggle of Vol. I and the analysis of fraction struggles in Vol. II to an even more concrete level, and without taking these prior struggles into account more explicitly, the tendencies/countertendencies argument remains superficial, not identifying the real dynamics animating successive constellations of forces.

This again affects the understanding of what awaits us after 2008. Again Streeck's analysis is highly relevant in its main conclusion. Each of the instances of 'buying time' was accompanied by a defeat of the wage dependent population that made it possible to introduce and deepen neoliberalisation (Streeck 2013: 76). The end of inflation, by a secular weakening of the trade unions, the termination of their ability to strike in conditions of durable unemployment; the consolidation of the state budget by cuts in and privatisation of social provision and curtailment of social citizenship and a commercialisation of many aspects of social security, granting new opportunities to insurance companies stepping in as guarantors of social security. The crash of 2008 then also robbed many of their savings, whilst entailing further cuts and job losses (Streeck 2013: 77).

Since the 1960s voter participation in elections has fallen substantially; the lower the income group, the steeper this decline has been. It is not a sign of satisfaction but of resignation: 'The political resignation of the lower strata protects capitalism from democracy and stabilises the neoliberal turn that is at its origin' (Streeck 2013: 90, cf. 87-8). Democracy is slowly being replaced by a pure spectator sport, a form of entertainment for the middle classes, in which emaciated, essentially similar political parties temporarily play as if they are enemies only to conclude Grand Coalitions between them—a strategy that Streeck rightly argues, is probably the most appropriate form of government anyway in the era of states having to answer to creditors' demands first (Streeck 2013: 127-8). Politics as entertainment and theatre reminds one of the thesis of Guy Debord in one of the signal texts of the 1968 movement (Debord 1967).

Here too, a fraction analysis would work to deepen the argument. For the lingering assumption that there remains a conscientious democracy that can intervene as such, tends to also assume that this theatre will obey the laws of the theatre, in that it is orderly staged, the audience knows its place etc., whereas if predatory neoliberalism runs the show as it does today, there is nothing orderly about the response to the crisis in this respect either. Indeed whilst economically, the system is running aground amidst rampant speculation, the abolition of democracy too obeys the laws of high risk policies, involving covert action and provocation, terror scares to bolster the forces calling for a state of emergency, and military adventures, today in the Middle East and North Africa as well as on the borders of Russia, soon to be enlarged with a more pugnacious policy towards China. Under such circumstances, the abolition of democracy will not take the form of a peaceful spectacle fooling and entertaining the audience, but of repression and war.

Of course in the EU the abolition of democracy has already passed through a phase of high-handed demagogy, of which the handling of the Greek spring and the prevention of a Portuguese one are the key instances (in Portugal the left was not even allowed to translate its election victory into forming a government). After all the president of the Bundesbank in mid 2012 already declared that if a country does not meet its EU budget obligations, national sovereignty should be automatically transferred to the European level and consolidation measures will be adopted for which in the national parliament may not exist a majority (Streeck 2013: 155). After Greece and Portugal, France's subjection to limited democracy was not a matter of enforcing budget constraints any longer but obtained by a terror scare, the declaration of the state of emergency and the suspension of civil rights. As the consequences of the wars in the Middle East and North Africa are spreading to Europe via the refugee crisis, fragments from the warring parties in these regions (Turks vs. Kurds, jihadists fighting secular regimes) inevitably link up with destitute, marginalised groups in societies here. In that sense the attacks in Paris in November 2015 (perhaps unlike the Charlie Hebdo attack which still had a strong whiff of a double-agent operation) are certainly a sign of things to come.

In this situation we should certainly heed Streeck's exhortation that critical intellectuals have a duty not to be primarily concerned with their reputation by repeating the mantra that there is no alternative, and not be intimidated by the ruling technique of dismissing opposition as populism (Streeck 2013: 219). At the same time we need a sharper eye for the actual forces the critics are up against if they want to be effective.

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