



Buying Time: The Delayed Crisis of Democratic Capitalism

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The financial crisis keeps us on edge and creates a diffuse sense of helplessness. Well-nigh unfathomable problems lead to measures that seem like emergency operations on the open heart of the Western world, performed with no knowledge of the patient's clinical history. The gravity of the situation is matched by the paucity of our understanding of it, and of how it came about in the first place.

In this book, compiled from his Adorno Lectures given in Frankfurt, Wolfgang Streeck lays bare the roots of the present financial, fiscal and economic crisis, seeing it as part of the long neoliberal transformation of postwar capitalism that began in the 1970s. Linking up with the crisis theories of that decade, he analyses the subsequent tensions and conflicts involving states, governments, voters and capitalist interests—a process in which the defining focus of the European state system has shifted from taxation through debt to budgetary “consolidation.” The book then ends by exploring the prospects for a restoration of social and economic stability. *Buying Time* is a model of enlightenment. It shows that something deeply disturbing underlies the current situation: a metamorphosis of the whole relationship between democracy and capitalism.

Buying Time: The Delayed Crisis of Democratic Capitalism Details

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From Reader Review Buying Time: The Delayed Crisis of Democratic Capitalism for online ebook

Tara Brabazon says

One of the startling problems / challenges / concerns of our time is why the global financial crisis did not result in the death - or at least the deep dismissal - of neoliberalism. Instead, and in a very short period, neoliberalism is not only clinging to survival but once more a dominating ideology.

Wolfgang Streeck talks this ponderous reality as his starting point. To understanding what is happening, he uses Adorno and the Frankfurt School to grasp the complexity of 'crisis.' Throughout the book, he investigates the crisis of banking, finance capitalism, nationalism, national governments and - indeed - democracy. The effectiveness of 'a crisis' is creating a retreat back to reified market capitalism is clearly revealed in this book.

Streeck is convincing and disturbing in his analysis. But he does answer why neoliberalism survived and thrived beyond the GFC.

Please note: this book also has a strong English translation by Verso (published in 2014) that is not yet listed on GoodReads.

Subvert says

Liked it a lot. Read the Dutch version, so wrote my critique in Dutch too:
<https://alrightjack.wordpress.com/201...>

Stephen says

Streeck's account of the financial crisis and its aftermath posits that our current predicament is far from temporary. Democratic capitalism, Streeck argues, is suffering from a legitimization crisis. This legitimization crisis comes not from the discontent of waged-workers (as predicted by the crisis theories of the Frankfurt School) but from the discontent of capital itself. Though the Keynesian consensus temporarily benefitted capital with its promise of endless growth without boom and bust, capital was unwilling to continue paying so high a price to uphold its end of the social contract created after 1945. Government commitments to full employment ended the power of the sack and capital feared a 'revolution of rising expectations' it would be unable to satisfy without sacrificing its profits. This fear was fuelled by the wildcat strikes of the late 1960s.

To maintain profits capital had to wrest control of the economy away from national polities and democratic governments. The mechanism for this was 'neoliberal' economic reforms. Ironically, the neutralization of economic democracy required political allies – most notably Thatcher and Reagan – who were willing to trade mass unemployment for the return of 'sound money' after the inflation of the 1970s, and to crush the inevitable social resistance. However, far from freeing government of its responsibilities the return of an unfettered market economy required curative measures to assuage the damage (e.g. social benefits increased with the return of structural unemployment). Thus, though state revenue began to stagnate (due to tax cuts

and the difficulty of collecting tax from increasingly mobile capital) expenditure continued to increase, and governments had to plug the gap with increasingly high levels of borrowing. The 'tax state' thus began transforming into the debt state.

Of course, the long-term debt-financing of governments made those with financial assets increasingly powerful. Streeck takes this argument as far as it can go, arguing that alongside national polities these creditors have come to represent a 'second constituency' of the modern state. Their control "appears alongside the democratic control of the state by its citizenry, with the possibility of overlaying it, or even [...] eliminating it." Economic crises are not technical disturbances in the market, but crises of 'confidence' from this group (who Streeck refers to as the *Marktvolk* – the people of the market). This means that "low growth and unemployment are the results of 'investment strikes'" on a part of this group, "who could invest their capital but refuse to do so because they lack the necessary confidence." But debt-financing can only continue while creditors are sure governments will be able and willing to repay their debts and so, in the endless quest to retain market 'confidence' (in the form of lower interest rates and new loans), the 'debt state' transformed into a state of fiscal consolidation to reassure 'the markets' that "in case of doubt their claims can and will have priority over those of citizens".

This second constituency of the modern state obviously presents problems for the notion of democracy. Though *Buying Time* was written in 2013, once read it hard to view the 2015 Greek Crisis through anything but this lens. Individuals may have the opportunity to declare bankruptcy but even as sovereign debtors states such as Greece are ultimately forced to declare war on their own national polities in order to satisfy 'the markets'. Despite the SYRIZA government's ultimate capitulation, the Greek crisis nonetheless still represents an eternal nightmare for the *Marktvolk* – insofar as national governments are still determined by democratic elections, creditors can never be certain that a state will not unilaterally restructure or cancel their debt. The solution has been "to integrate national governments into a non-democratic supranational regime – a kind of international superstate without democracy". This is represented by the European Union and especially the European Monetary Union, where national governments surrender any semblance of democratic control over their currency, and the debt state transforms into a system of international fiscal consolidation.

The main goal of *Buying Time* is to emphasize the increasingly widening gap between capitalism and democracy, and to offer a warning that the transformation of the European project into a post-democratic 'neo-Hayekian regime' is not only possible, but likely. This is a convincing argument. Indeed, one is struck by the fact that – despite lingering Cold War rhetoric – the relationship between capitalism and democracy is neither very old nor very strong. From the time of universal enfranchisement to the present day, the post-war period is the only period characterised by some semblance of democratic control over the economy (due to mass party membership, strong trade unions, and an institutionalised bargaining system to determine the proceeds of economic growth). By the 1980s this forced marriage of democracy and capitalism had run its course and neoliberal reforms began to insulate the economy from politics once more.

Buying Time has several strengths. Despite Streeck's obvious (and confessed) political leanings his account remains nuanced enough to avoid painting a picture of capital merely imposing its will on a resistant public. To break out of the institutional cage of Keynesian bargaining and to 'free' the markets capital in fact rode a wave of enthusiasm for 'alienated' wage-labour as women flooded into the market to escape household drudgery, while the young welcomed the new 'flexible' working conditions on offer. Streeck also admits that the citizenry embraced the new 'consumer society' to a degree unimaginable in Adorno's worst nightmares.

The book would have been all-the-more convincing for explaining exactly how and why financiers became more powerful than traditional industrial capitalists (i.e. due to advantages capital has over all other sectors

due to its mobility, whereas flows of trade and labour face a multitude of barriers e.g. geographical, regulatory, physical, etc.). Nonetheless this remains a minor criticism – we do not need evidence of first-cause to recognise that this group has power, that they have had it for some time now, and that their power represents a significant distortion of democracy. In this sense Streeck's diagnosis remains invaluable, and his greatest achievement lies in humanising our notion of 'the market'. The market(s) are not naturally occurring phenomena: they are driven by human activity and hence subject to human desires, whims and moods – and this is especially true of the financial markets. Any successful diagnosis of the problem or suggestion of what is to be done must recognise this fact.

While works of political economy can often stray too far into one field or the other, *Buying Time* deftly analyses the economics while doggedly keeping things tethered to their political context. When it comes to the economics, Streeck's analysis offers a refreshing antidote to the 'varieties of capitalism' approach of political economy. Though the varieties of capitalism approach is not without merit, it ultimately has little to tell us about the European crisis because, as Streeck argues, "the parallels and interactions among the capitalist countries far outweigh their institutional and economic differences." Despite institutional variations, the underlying dynamic of capitalist economies remains the same, and any analysis of the European crisis must acknowledge as much.

Buying Time's political analysis is also compatible with several trends found in wider political science research in recent years. For example Streeck argues that the ceding of democratic powers to the European level (and, by extension, economic power to 'the market') has come about due to a coalition of national governments and their middle-class voters who enjoy the rewards of freedom of movement and capital. Meanwhile turnout of poor voters – who do not enjoy these benefits and who instead lose the public services they rely on due to 'fiscal consolidation' – is in terminal decline as national elections exert less and less influence over the distribution of wealth.

Relatedly, Streeck's argument that the *Marktvolk* prefer fiscal consolidation to be supported by both government and opposition (and especially by Grand Coalitions) to better ensure that newly elected governments will continue servicing their debts chimes well with Katz and Mair's (2009) famous thesis of the cartelization of party politics. This thesis posits that political parties have become increasingly detached from civil society and evermore reliant on state funding for their own survival. If parties are more reliant on the state than the people for survival, it follows that they will be less responsive to the citizenry and more responsive to those who provide state funding – the *Marktvolk*.

I argue that Streeck's account even helps to explain the rise of populist parties (of both the right and the left) in Western Europe. Whatever one thinks of the likes of e.g. the Front National in France, the appeal of such parties lies in the fact that they are not entirely wrong when they claim that the mainstream parties have collaborated to keep certain issues off the political agenda. This is but one example of how 'ever closer union' at the European level has often provided national governments with convenient excuses to avoid winning consent for neoliberal reforms which are unpopular at home (Thatcher, 2013).

Streeck manages to avoid a conspiratorial account of political elites unambiguously enthralled to the *Marktvolk*. Plenty of governments have at least partially sided with their populations and have proved unwilling to completely submit to the whims of 'the market'. Where politicians do advocate neoliberal reforms as a panacea for economic crises, these are largely panicked tactical responses not attached to any higher Machiavellian strategy of robbing the people of democracy. This is an important observation – if only to help us recognise the power of institutional norms and how they shape policy responses. However this line of argument would be improved if Streeck offered a similar examination of the *Marktvolk's* motivations. Does the financial class act merely as atomised, autonomous individuals? Or are they – on some level, at

least – aware of their particular class interest?

To speak of ‘class interests’ is to admit that the cornerstone of Streeck’s argument rests on little more than a reiteration of the traditional Marxist narrative of class struggle (albeit one distorted and abstracted by the labyrinthine nature of financialization). However, Streeck is certainly correct when he writes that, after 2008:

“No one can understand politics and political institutions without closely relating them to markets and economic interests, as well as to the class structures and conflicts arising from them [...] One outcome of historical developments is that we can no longer say for sure where, in the effort to shed light on current events, non-Marxism ends and Marxism begins. Besides, social science [...] has never really been able to do without recourse to central elements of ‘Marxist’ theories.”

Buying Time: The Delayed Crisis of Democratic Capitalism is a lucid, erudite and entirely convincing account of the European crisis. It provides us with indispensable tools for analysing the mutations of this crisis in future as democratic capitalism desperately tries to ‘buy’ itself more time. In framing the modern state as caught between their national populations and the international *Marktvolk*, it becomes easy to consider the Greek ‘OXI’ vote, Brexit and even the election of Donald Trump in the U.S. as the deafening roars of revolt from national populations against their governments’ submission to this financial oligarchy. And although Streeck rejects the notion that one should not bother to diagnose without offering a cure, the solutions he does tentatively offer – centred around a return to national currencies and therefore power over devaluation – echoes the famous words of John Maynard Keynes (1933):

“Ideas, knowledge, science, hospitality, travel—these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and, above all, let finance be primarily national.”

Jordi van der Meulen says

The main points of *Buying Time* are the following:

1. There are two classes in society, capital and labour class. The capital class (*Marktvolk*) represents capitalism, while the labour (*Staatsvolk*) organises around democracy.
2. In the 50s and 60s labour and capital arranged their disputes through the democratic process. However, in the 70s, capital used its power to move toward a neoliberal state.
3. To accomplish this, the *Marktvolk* worked towards a international federation in which democracy doesn't regulate the markets. This international federation is organized through the Central Banks.

There are some major flaws in the analysis.

1. First of all, defining two classes in this way creates automatic class struggle. By setting it up the way Wolfgang Streeck does, there cannot be any other conclusion than a fight between *Marktvolk* on the one hand and *Staatsvolk* on the other. Also, Streeck does not really seem to have a good definition of capitalism.

Every bad effect gets blamed to capitalism in its book, even if it clearly is brought about by intervention through the government. In this sense, Streeck does not seem to understand the difference between capitalism and crony capitalism.

2. If we are really moving to a capitalistic state, why is it then that the expenses by the government, as a percentage of GDP, hasn't changed in the last 45 years. On page 63 on figure 2.4 it can be seen that government spending, as a percentage of GDP, has increased since the 70s, instead of decreased. Therefore, government spending increased much more rapidly than inflation, since GDP figures already compensates for inflation. At the same time, the services by the government have shrunk, according to Streeck. So in a nutshell: governments have spended more money on less services. Since when is it a feature of capitalism that the role of government is to spend more and more money? Since when is capitalism the philosophy of growing governments?

3. The EU with the ECB is not Hayekian at all. Streeck knows this, since he is very well read into Hayek. Therefore he should know that Hayek received the Noble price for the theory that stated that Central Banks created boom and bust cycles. Therefore he should know that the Austrian tradition objects Central Banks. Central Banks are a creation of government. In the USA, the FED was founded by banks but backed up by the state. In the 30s, the state bailed out the FED by dissolving its only competitor, which was gold. The ECB was created by our democratically elected governments and nobody can compete with the ECB: they have a state granted monopoly on issuing money and every bank needs to take part in the ECB-cartel. The only reason why Central Banks exist is to tax people silently, so the governments can give money to their friends. Again, that's not capitalism, that is crony capitalism or corporatism.

Other remarks:

- On several occasions Streeck uses the term "surplus value". This term originates from the labour theory of value, and means the value added by labour. However, labour does not add value to a product. If people have land that is only suitable for agriculture (no minerals to be mined or oil) and they start digging a lot of holes in it, their labour did not increase the value of the land (in fact, it probably lowered it). What gives value to products is the subjective valuation of people. We like sandwiches more than its individual ingredients, since it saves us the time to make the sandwich. Time, which we use to do other things. It is not the labour of the baker, but our subjective preferences that give the extra value to sandwiches.

- Streeck succesfully describes how crony capitalists have taken control of the state and used it for its own agenda. However, Streeck does not seem to notice that the power of the state that the crony capitalists exploit is exactly the one advocated by Streeck and Marx himself: the power to redistribute wealth. By using this mechanism, crony capitalist have enriched themselves through states. By pledging for this power of redistribution, Streeck keeps enabling the Marktvolk, as he calls them, to use the state as their vehicle to exploit the Staatsvolk.

- Streeck claims that democracy and capitalism aren't compatible. There are two remarks to make here. First of all, Marxism, where Streeck is appealing to, has done much more harm to democracy than capitalism in the history of mankind. The USA had capitalism for 100 years while maintaining democracy. Every country that tried getting Marxism lost its democracy within 5 years, after which tyranical dictators took over the powerfull states that Marxism created. Second, democracy and capitalism are not purely compatible because capitalism recognized that something isn't "just" because 50%+1 of the people say so. Private property is important, so a powerfull state, controlled by cronies, cannot tax the poor people more into poverty. In that sense it is capitalism which protects the working class, not democracy. Democracy has a nasty trend in it: the rich people tend to dominate public opinion and use that fact to stay rich. Therefore, income taxes are high but capital taxes low, so people with capital don't have to worry some middle-class worker catches up with them. Democracy is the vehicle of the corporatists, not capitalism.

So in summary: Streeck puts arguments on its head. He demonstrates that by starting with the assumption of class struggle you can see: class struggle, which is not surprising if you start of like that.

Sara says

Unify and rule

[Through my ratings, reviews and edits I'm providing intellectual property and labor to Amazon.com Inc., listed on Nasdaq, which fully owns Goodreads.com and in 2013 posted revenues for \$74 billion and \$274 million profits. Intellectual property and labor require compensation. Amazon.com Inc. is also requested to provide assurance that its employees and contractors' work conditions meet the highest health and safety standards at all the company's sites].

Misleading title, militant spirit, uneven argumentation. This book is all about Europe, and how the neoliberal utopia turned the European Community project into a 'frivolous experiment' in the sense of Polanyi, without encountering almost any resistance. Situated in the mid-range theory milieu, the book makes bold statements supported by data, while travelling light on high political systems theory.

The result was for me a very painful Luke Skywalker epiphany, with Friedrich Hayek revealed as the real founding father of the European Union and its unified monetary space. Equally painful, the wealth of references to Italian politics and the interference of the EU markets-friendly agenda with national 'democracy'. Steeped in the intricacies of the EU idealistic-technocratic web of directives, consultations, summits and so on, I had sucked all in.

The book's 'plug-and-play' contribution to political analysis is the idea of the 'consolidation state', i.e. the rise - after the tax state and the debt state - of political formations whose objective is to devoid national sovereignties of their authority, while garnering a derivative quasi-state authority themselves, but well out of the reach of any political citizenry's oversight. NAFTA, the WTO, the EU are all consolidation 'states' - dictating economic policy to the masses with the 'markets' as the only constituency.

The definition of 'markets' is the book's weakest element. For two thirds of the book's length, they are taken at neoliberal face value - as a really existing constituencies. Only at the end does the word start to appear in inverted commas, as it should, given its totally fictional, Star Wars status.

Most troubling is the lack of resistance to the (apparently resistible) technocratic ascent of the consolidation state in Europe. The only feeble argument I can put forward is that EU technocracy has often appeared as the lesser evil. Trapped between economic backwardness, mafias of all possible varieties, endemic corruption, corporativism, Berlusconian democracy, ethnic hatred and racism on the one side, and lofty, rational, blue eyed neoliberalism on the other, wouldn't one go for the latter?

Hans Hansen says

endlich mal wieder ein buch, in dem sätze stehen, die ich nicht auf anhieb verstehe. interessanter abriß der finanzkrise.

Donald says

Explains a number of competing budgetary strategies by reference to the single underlying idea of facilitating continued capital accumulation. Then relates this to the approaching terminal crisis of democratic capitalism and the likely impossibility of reconciling 'market justice' with 'social justice'. The retrieval of the concept of 'legitimation crisis' helped me understand how governments deal with these competing claims, largely by deferring to 'market justice' as they attempt to 'buy time' for dwindling class compromises.

Pietro says

L'ultimo discepolo di Theodor Adorno getta un sasso nello stagno della tranquilla intelligencija tedesca. il libro ha per argomento il contrasto tra democrazia e capitalismo, con particolare riguardo all'Unione Europea e alla zona euro. Si narra che, dal dibattito che ne è scaturito con Habermas e Offe, ci si potrebbe scrivere un altro libro. Se non vi accontentate della vulgata dei giornali, della televisione e del pensiero razionale mainstream questo un libro che dovete leggere

John says

Unusually long review...

jdcloughblog.wordpress.com/2018/07/08...

I picked up *Buying Time* after reading a couple of chapters for one of my modules last semester and finding Streeck to be one of the stand-out authors included on that course. Streeck is a critical theorist writing in the tradition of crisis studies from the 1960s and 1970s, from which came the idea that we exist in a period of 'late' capitalism, and that the system is always on the brink of being toppled by a population increasingly alienated from the benefits of global capitalism. Streeck, however, totally reinvents and reinvigorates this theory by focusing on the power of market forces which earlier theorists like Habermas and Adorno had disregarded. In doing so, he describes how capitalism has clung on since the 1980s, and why it may now face crisis again. He also sets his sights on the EU and delivers a powerful argument from a left-wing perspective against the EU and particularly against the euro. While at times I felt Streeck's arguments to be a little one-sided if not polemical, *Buying Time* is nonetheless an extremely powerful and passionate text that definitely got me stirred into a rage at times.

Habermas and Adorno had argued that the political system had become bound up with the economic system and that when the economic system failed to deliver on its promise of prosperity for all, this would not only discredit the economic system but the political system too. What would follow is a legitimation crisis, in which the existing paradigm becomes untenable in the eyes of the citizenry. This crisis should have happened around the early 1970s when the productivity increases that had seen unprecedented pay rises of the previous decades began to slow down. Streeck suggests that the capitalist system has essentially 'bought time' since then to prevent a crisis, in three artificial and essentially unsustainable ways. The first of these was inflation, in which governments basically printed money to meet workers' demands for pay rises above the level of productivity. This proved unsustainable in an economy that wasn't returning to high growth, because the rapid inflation of the money supply was rapidly devaluing assets whose valuation was bound to

pre-inflation levels, most importantly, government bonds. Inflation essentially devalues government debt. On the one hand, this is excellent as it makes the debt easier to repay, and indeed, national debts dropped rapidly in this period. Streeck focuses, however, on the fact that it can spook the market and lead to spiralling interest rates. Streeck's reading of the so-called 'stagflation' crisis of this period, then, is that it may have allowed governments to 'buy time' from the citizens, but in so doing they alienated market forces. In response, these market forces began flexing their muscles, beckoning in the era of neoliberal deregulation through which we continue to suffer. While the factors Streeck identified certainly were central, and certainly credible in their own regard, there did seem to be a tendency for Streeck to focus too closely on his own narrow argument as though it was a total explanation for events. While he wasn't attempting a comprehensive history of the stagflation crisis, his argument would have seemed more balanced if there had at least been more acknowledgement of the broader factors at play. In trying to rehabilitate political economy to critical theory, I think he may have gone too far and ignored social factors. Need we forget that Thatcher was swept to power by the electorate with an unprecedented mandate, suggesting the rise of neoliberalism wasn't quite an anti-democratic coup.

It is following stagflation that Streeck's arguments really come into their own, however. His core argument is that the monetarist, neoliberal paradigm that swept in across the West around the start of the 1980s at no point offered any genuine solutions to the fundamental issue that market capitalism was unable to deliver on its promise of affluence for all – the issue which threatened a legitimisation crisis. Instead, for Streeck, what neoliberalism offered was a new toolkit of ways to placate the people, only this time in such a way that also enriched rather than alienated the capitalists. This toolkit essentially boiled down to bottomless credit, enabled by a deregulated finance sector. Streeck splits this into two stages. Firstly, the expansion of government debt, followed eventually by a massive expansion of private indebtedness, the latter of which really peaked in 2007 on the brink of the crisis of 2008. I found this element of Streeck's argument quite convincing and also quite depressing. Neoliberalism is characterised as something of a reverse Robin Hood – take from the poor give to the rich. Wages became untethered from productivity, and pay increasingly concentrated in the hands of the top, while salaries at the top of the scale exploded. Streeck tells us (p. 53-4) that 93% of all new income in the USA in 2010 – \$288billion – went to the top 1% of taxpayers. Moreover, 81.7% of the asset increase between 1983-2010 went to the top 5%, while the bottom 60% made a 7.5% net asset loss over the same period. Even as someone reasonably aware of the extent of inequality in modern economies, I found these figures shocking and deeply angering. It's hard to imagine any justification of this merciless redistribution of wealth to the tiny minority of financial elites.

Streeck argues that the population has essentially been bought off with credit. What this equates to is that most workers get paid less so the top minority can get paid more, and that tiny minority then loans the shortfall back to these people to ensure that people are still buying stuff, both to keep the economy stimulated and to prevent them literally storming down Wall Street with violent intent. This argument Streeck essentially adapts from Crouch's concept of 'privatised Keynesianism' in which it is private citizens, rather than the state, that incurs huge debt to ensure aggregate demand is maintained in the economy. Streeck suggests that the 2008 crisis indicates that the privatised debt paradigm is becoming increasingly unstable as a resolution for capitalism's shortfalls. Moreover, Streeck suggests that the massive expansion of public indebtedness is not only symptomatic of a wholesale redistribution of wealth to the top, but a wholesale redistribution of political power away from democratic citizens and to the creditors. Creditors have enormous power over indebted governments in terms of the interest they are willing to charge to continue lending to governments. If they believe that a government is no longer a safe investment, interest will shoot up, and governments who have relied on cheap credit to keep themselves afloat will quickly find themselves insolvent. Democratic citizens have no such equivalent power. Thus, all across Europe, the system driven by creditors' interests has essentially imposed massively socially damaging austerity all over Europe, whether or not the people want it, as seen most vividly in Greece.

Indeed, Streeck then goes on to attack the euro, which he construes as a means for powerful exporting countries (read: Germany) to maintain their surpluses by constraining weaker countries' ability to devalue their currency. One of the strengths that the UK and the US have over the eurozone is national ownership over their currency. This means that, if push comes to shove, they can print money to pay debts. This limits the total power of creditors, though there is still a culture of fear surrounding unlimited cash printing, as it can easily lead to spiralling inflation and decreased creditworthiness. If carefully controlled, however, devaluing currency also has the advantage of making goods a country exports cheaper, and imported goods more expensive. This means that it can create an equilibrium between countries, overcoming productivity gaps. This would be an extremely helpful trick for Greece, Italy, and Spain at the moment, as it could enable their export industry to return to health, but the euro prevents them from doing this, meaning German productivity advantage remains. The only way left for euro nations to improve competitiveness is to slash wages. In countries already ravaged by years of employment strife, this is understandably not welcome news.

While I found his attack on the eurozone a powerful critique, I was a little less convinced by his broader attack on the EU as a whole. In short, he attempts to paint a picture of the EU as an anti-democratic, pro-market tool of neoliberal advancement, essentially attempting to undermine nationally implemented controls. There's an element of truth in Streeck's portrayal, especially when it comes to democracy. The EU really does suffer from a democratic deficit; the overwhelming majority of the power is held by unelected technocrats massively disconnected from the lives of the overwhelming majority of EU citizens. Streeck himself acknowledges that there is no easy solution to this; there are massive socioeconomic differences between EU member states that pose a huge problem for democratic rule. Herein lies a genuine issue for international relations in the coming decades; there is an ever-increasing need for cross-national cooperation, to tackle the issues of globalised markets, but the more disparate the threads that form the union, the less stable that union will be. The EU's solution to this seems to have been to sideline democracy and consolidate their strength among their own elite. Streeck's solution is continued cooperation but less of the consolidation. Neither of these options seems like they will yield the best result. The EU's because it risks becoming increasingly antagonistic to democratic interests, Streeck's because it risks watering down cooperation to a level below that which can deliver meaningful results.

Beyond the issue of democracy, it's also somewhat questionable just how "neoliberal" an organisation the EU truly is. A great deal of how much this seems to be the case is determined by what country you happen to be in when considering the question. As was made clear around the time of the Brexit election, much of the EU's influence in the UK has been regulatory restraint of the free market, and one of the main concerns about leaving the EU is that we may lose some of those regulatory protections. While at the bottom line, the free movement of labour, goods, and services that defines the modern EU are fundamentally motivated by free-market ideology, from a UK perspective it's hard to see the EU as the nefarious enemy of the people that Streeck seems to wish to portray it as.

Nonetheless, as the length of this review in itself shows, I found Streeck's text fascinating and engaging, not to mention provocative. It raises a lot of difficult to answer questions about the future of democracy in our increasingly globalised and capitalised world. It's the sort of stuff that is going to shape the political and economic landscape for the decades to come, and so it's absolutely material that needs engaging with.

Joeri Kooimans says

This book was released in English under the title 'Buying Time: The Delayed Crisis of Democratic Capitalism'.

In this book Streeck convincingly shows how the market is increasingly, and more and more effectively, fenced off from democratic influences, by liberating it from many means of regulation. This is a development which started for more than four decades ago and still goes on today.

By organizing itself on a supranational level (in banks and institutions like the ECB and IMF), the market has succeeded in either circumventing or destroying national democratic institutions that in the past effectively protected us against an all too disproportionate growth of social and economic inequality. Now that the market dictates what governments do with their economic distribution, the gap between rich and poor is growing evermore larger. Due to all the crisis that ensued from the seventies onwards, the market has also been able to force countries to take austerity measures as a condition for financial support. As a result, governments have lost not only their ability to effectuate social justice, but also their sovereignty. Marketjustice, in the form of paying debts, now has priority over social justice: making sure everyone has an acceptable standard of living.

In the end of the book Streeck argues we have to find another way to organize the European Union by regulating the market in such a way that governments regain their ability to strive for social justice and sovereignty.

Peter Harrison says

Although written four years before Britain voted for Brexit and Donald Trump was elected President of the US, this book is a superb analysis of the political and economic situation that led us to the place we now find ourselves.

In the first section, Streeck suggests that over the last 40 years capitalism has been in the process of unpeeling the post war compromise. This compromise bought social peace at the price of sharing profits more equitably with labour. In conditions of consistent growth, this was a sustainable approach for capital. As a number of shocks threatened the ability of the economy to continue growing this was no longer a tenable position. The neo-liberal revolution is the story of successive attempts to return capitalism to an 'acceptable' level of return.

As the owners of capital withdraw their support for the tax and spend, attempts to maintain the post war policies sustaining social peace draw the state into increasing indebtedness. State debt accelerates rapidly which in itself becomes a problem leading to the financial crisis of 2008. Neo-liberalism then turns to austerity and the 'consolidation' state. None of these has proved to be a permanent solution. Each has bought perhaps 10 years of survival before problems reappear in a different guise.

This analysis is consistent with Robert Brenner's in "The Economics of Global Turbulence" suggesting the long term decline of the profitability of capitalism, consistent with a fairly orthodox Marxist view.

Streeck then moves on to assess the political consequences of these changes, which might be summarised as the end of democracy. Neoliberalism's belief in the freedom of the market means that states are required to prioritise the demands of the "marktvolk" ahead of the society at large. No government is allowed to survive that does not respect the requirements of the market. "All that capitalism still wants from people is that they give back to the market". The goal is to free the market from political intervention. As Streeck says, to most people in society politics then becomes a form of "middle class entertainment" from which they can expect nothing. Four years on, it is all too easy to see how given the opportunity to seize this status quo and shake it

by supporting a Brexit referendum campaign or a rogue Trump candidacy voters not benefiting from the neoliberal turn have been tempted to grasp the opportunity with both hands.

Streeck finishes by showing how the European Union has been a vehicle for driving the neoliberal revolution into the heart of Europe. It is a pessimistic view where the only solution which can be conceived (let alone implemented) in the minds of the current political class is "more of the same" with no prospect that it will create a turn for the better. Streeck encourages us to think of how we might challenge this dead consensus and deliver politics and economy for the people and not just the owners of capital. Four years on, its an analysis that seems more relevant than when it was written and a direct challenge to the modern left.

David M says

In the early twenty-first century, capital is confident of being able to organize itself as it pleases in a deregulated financial industry. The only thing it expects of politics is its capitulation to the market by eliminating social democracy as an economic force.

If constructive opposition is impossible, those who are not content to spend their life paying off debts incurred by others have no other option than destructive opposition. This is needed to strengthen the delaying effect of what is left of democracy in national societies. If democratically organized populations can behave responsibly only by giving up their national sovereignty, *then it might seem more responsible to try behaving irresponsibly*. If being rational means accepting as self-evident that the demands of 'the markets' on society must be met, at the expense of a majority who have nothing to show but losses after decades of neoliberal market expansion, *then indeed irrationality may be the only remaining form of rationality*. - pp 159-60, emphasis added

The new left(s) of the sixties and seventies misunderstood or underestimated their adversary.

As heir to the radical social theory of the Frankfurt school, Wolfgang Streeck is in a good position to see this. By the seventies it was widely assumed that - at least in affluent western societies - the inherent crisis tendencies of capitalism had been tamed by social democracy. Thus Habermas could speak of a 'legitimation' crisis rather than the economic crises analysed in classic Marxism.

What social theory at the time could not foresee was that the class struggle would shortly resume, this time from above. Capital could not accept the restraints imposed on it by democracy, and soon it wouldn't have to. Neoliberalism is the history of depoliticizing the economy, or rather de-democratizing it; removing it from the public sphere and turning it over to a small band of 'experts' and investors. A few decades on, this process is now very far advanced and may appear irreversible, short of catastrophe.

Where is the collective will to change this? Politics has largely been reduced to celebrity spectacle, a kind of middle class entertainment, and unfortunately too often the left has been blind or complicit. I don't mean to denigrate the many impressive cultural achievements of the past few decades (indeed, as a gay man, I owe a good part of my existence to these achievements), but nonetheless it seems to be true that the turn to identity politics has left us splintered; unable to confront the enemy as a united front. The enemy is capitalism, we

shouldn't let ourselves forget this.

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"We are fortunate that, thanks to globalization, policy decisions in the US have been largely replaced by global market forces. National security aside, it hardly makes any difference who will be the next president. The world is governed by market forces." - Alan Greenspan, in an interview with a Zurich newspaper, September 2007

Damn, got to admire the man's candor.

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The market could be made immune from democratic correctives either through the neoliberal re-education of citizens or through the elimination of democracy on the model of 1970s Chile; the first involves an attempt to indoctrinate the public in standard economic theory, while the second is not available as things stand at present. A strategy to dispel the tension between capitalism and democracy, and to establish the long-term primacy of the market over politics, must therefore centre on incremental 'reforms' of political-economic institutions: the move towards a rule-bound economic policy, independent central banks and a fiscal policy safe from electoral outcomes; the transfer of economic policy decisions to regulatory bodies and 'committees of experts'; and debt ceilings enshrined in the constitution that are legally binding on governments for decades to come, if not forever. In the course of this, the states of advanced capitalism are to be constructed in such a way that they earn the enduring trust of the owners and movers of capital, by giving credible guarantees at the level of policy and institutions that they will not intervene 'in the economy' - or that, if they do, it will only be to protect and enforce market justice in the form of suitable returns on capital investments. A precondition for this is the neutralization of democracy, in the sense of the social democracy of postwar capitalism, and the successful completion of a programme of Hayekian liberalization. - pp 61-62

(Thanks a lot, Hayek!)

This book was published in 2014. Recent events in the first world, 'democratic' west suggest that the neoliberal, technocratic, Hayekian rollback of democracy may ultimately dovetail with the older, much more brutal model of Chile and other fascist regimes.

However, it gets complicated here, as 11-8 was to a large extent a 'revolt of the masses' against mainstream elites. In that sense, how can it be called un-democratic? A case of the populace on strike against hegemonic norms of rationality and responsibility? Material for further study and reflection.

Rhys says

Streeck does a masterful job exposing the future of democracy in a capitalist (consolidated) state. From the tax state, through the debt state, to the consolidation state the market is made immune to 'democratic correctives'. The European economic union is the emerging example.

There are some techniques 'for managing the underclass' including 'consumerist pseudo-satisfactions', re-education of citizens, or simply eliminating substantive democracy.

"We may gain a rough idea of the next stage if we recall how post-war capitalism developed after the end of the trente glorieuses. Each of the three passages to a new mode of legitimation was associated with defeats of the wage-dependent population that made it possible to press on with the liberalization agenda: the end of inflation, ushering in structure unemployment and long-term weakening of trade unions and their ability to engage in strike action; the consolidation of public finances in the 1990s, with deep cuts in social rights of citizenship, the privatization of public services, and various forms of commercialization through which private insurance companies replaced governments and politics as the providers of social security; and the end of '*Pumpkapitalismus*', with a not even roughly predictable loss of savings and income from savings, as well as a rise in unemployment and underemployment, as well as further cuts in public services following a new wave of budgetary consolidation." (p.45).

Streeck argues: "All capital still wants from people is that they give back to the market – perhaps not all at once, but certainly step by step and not too slowly either – the social and civil rights they fought for and won in historic struggles" (p.159).

And he offers a solution: "If constructive opposition is impossible, those who are not content to spend their life paying off debts incurred by others have no other option than destructive opposition. This is needed to strengthen the delaying effect of what is left of democracy in national societies. If democratically organized populations can behave responsibly only by giving up use of their national sovereignty, and by limiting themselves for generations to keeping their creditors happy, then it might seem more responsible to try behaving irresponsibly. If being rational means accepting as self-evident that the demands of 'the markets' on society must be met, at the expense of a majority who have nothing to show but losses after decades of neoliberal market expansion, then indeed irrationality may be the only remaining form of rationality" (p.159).

It is hard to imagine people preoccupied by their survival in a society of diminishing goods and services rising to an effective level of opposition. This is what capital is counting on, and the success of the consolidation state is to take away opportunities for individual states to address democratic demands from their citizenry (demands like welfare). There is nothing left but taking away what working people have. But what is the end-game? When a small number of people control everything? What 'freedom' can we expect in a modern feudalism?

Alessandro Forte says

Somehow I feel skeptical when sociologists try to venture too much into macroeconomy. I respect qualitative analysis but I am wary that it can lead to whatever conclusion, no matter how unsubstantiated by facts and figures. Nevertheless, when I started this book i did it with an open mind, hoping to find in it some true challenges to the mainstream liberal believes. Well, I did not find much in that respect.

Some arguments are not only lacking any shred of scientific background, but are frankly outright nonsense: according to the author the fiscal crisis of States is due to low level of taxation rather than high level of expenditures and that the only way out is tax more. Did France or UK tackle their fiscal troubles imposing (or having imposed) upper marginal taxation in the region of 70%? No and the reason the author pretends not

seeing is the potent counter incentive to produce and work harder beyond a certain level of taxation is imposed.

The author claims capitalists impose crisis when the remuneration of capital stops being adequate. That would imply engineering demand-side recessions, but what about supply side shocks such as spike in energy prices? It is hard to believe global cycles are at whim of a Spectre club of plutocrats.

More: the author claims the ruling superpowers of the world foster the cumulation of public debt in order to dictate the course of internal politics in heavily indebted countries. If anything, Europe is undergoing a (weak) effort to reduce debt and be less exposed to financial markets, yet the author sees a hidden agenda of taking democracy away from countries that try to balance their books reducing debt.

One final example: "the financial elites impose a high natural rate of unemployment that keeps inflation tame and markets happy". By looking at the incredibly low level of unemployment in the US, Japan or UK, that claim has no factual foundations as pretty much everything else in the book.

After reading this book I realized that when it comes to essays the same holds for narrative: better stick to the classics. I wish I had read Keynes directly rather than this sloppy interpreter of his thoughts,

Joeri says

Een aanrader. State of the art over veertig jaar liberalisering in Europa.
