

Book Review: Zwischen Globalismus und Demokratie by Wolfgang Streeck

In Zwischen Globalismus und Demokratie [Between Globalism and Democracy], Wolfgang Streeck explores how the crises surrounding democracy and capitalism might be resolved in our contemporary moment. While this is an eloquent work, its analysis of democracy without a compelling theory of capitalism leaves David Hollanders unconvinced.

Zwischen Globalismus und Demokratie: Politische Ökonomie im ausgehenden Neoliberalismus [Between Globalism and Democracy: Political Economy in Late Neoliberalism]. Wolfgang Streeck. Suhrkamp. 2021.

Last social democrat standing

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‘Wolfgang Streeck ist der Karl Polanyi unserer Zeit’ [‘Wolfgang Streeck is the Karl Polanyi of our time’] – or so the cover of [Zwischen Globalismus und Demokratie](#) states, in a quote from Perry Anderson. It isn’t a modest blurb, but it’s true enough. It is hard to think of someone who has vivisected contemporary capitalism as precisely, as lucidly and as indisputably as Streeck since he revealed himself as a Marxist reborn in the instant classic [Gekaufte Zeit](#) (translated as [Buying Time](#)). Informed by Marxist crisis theories, *Buying Time* analysed the bank and euro crisis by historicising it, while bringing capital(ism) back into the analytical equation. Streeck demonstrated how democracy and capitalism had turned out to be incompatible after all.

The class war waged by capital – often called neoliberalism – since the 1970s broke up the post-war settlement between companies, unions and the state that constituted the *trentes glorieuses* (the ‘glorious thirty years’ between 1945-75). By agitating for lower capital taxes, if not simply evading them, capital refused to be taxed anymore, resulting in an ever-increasing gap between what the state could – or would – afford and the democratically legitimised needs and demands of the demos for social security, healthcare and pensions.

The day of reckoning had been suspended by a series of temporal fixes, the most important of which was public debt. This meant that states borrowed from capital instead of taxing it, shifting the power balance in the 1980s and 1990s further from the ‘Staatsvolk’ (the voting citizens) to an emerging second people, the ‘Marktvolk’ (bank creditors).

The increasing but still somewhat informal upper hand of this second constituency was locked in what Streeck called ‘consolidation regimes’, in which the state had built ‘a political capacity never to default on its debt, projecting an uncompromising determination to place its obligations to its creditors above all other obligations’. The consolidation regime of all consolidation regimes was, is and to this day remains the European Union. The Stability and Growth Pact outlaws large public debts (unless, of course, if banks need help); the treaty of Maastricht immunises monetary policy from parliamentary interference; and the troika (the European Central Bank, European Commission and the International Monetary Fund (IMF)) forbids defaulting on public debt held by the Marktvolk, demanding instead a vengeful fiscal policy euphemistically dubbed austerity.

In *Zwischen Globalismus und Demokratie*, Streeck picks up where he left off in *Buying Time*. Whereas the last section of *Buying Time* proposed that ‘the call to dismantle the EMU [the Economic and Monetary Union] [...] appears as a democratically plausible answer to the legitimization crisis of a neoliberal policy of consolidation and rationalization that presents itself as being without alternative’ (my emphasis), Streeck is now certain it is. *Buying Time* proposed that a ‘European Bretton Woods’ could ‘free’ countries from the iron EU cage. It left it at that, but *Zwischen Globalismus und Demokratie* elaborates upon the desirability and feasibility of a Bretton Woods 2.0. It does so in several steps, which are increasingly unconvincing, adding up to a conclusion that does not follow.



The first step is the proposition that the 'de-democratization of capitalism through the de-economization of democracy' has been nearly completed without being fully successful. The globalist regime is lacking in economic success (secular stagnation) as well as in support and even legitimacy, with pockets of resistance creeping up in what remains of national democracy. The neoliberal world order is not hegemonic and remains stuck between, as the book's title has it, globalism and democracy. The utopia of 'one world, one market' is unrealisable, while national democracy turns out to be easy to damage but hard to kill. This all updates the convincing thesis of *Buying Time*.

A large part of *Zwischen Globalismus und Demokratie* is devoted to resistance against the brave, new world that was promised in the 1990s, but was never delivered. What some call populism or nationalism, Streeck identifies as a defence of democracy. Streeck does not distinguish between Syriza, Brexiteers, Alternative für Deutschland (AfD), the gilets jaunes, Donald Trump or Bernie Sanders. He refrains from an analysis of the extreme right altogether, calling them 'supposedly anti-democratic'. In their own particular ways, all these actors, left and right, fight for the common cause of rehabilitating the nation state as the arena of democratic capitalism. This ties in with the proposition that the antagonism nowadays is between protectionist nationalists versus neoliberal globalists. For their part, the latter wage a 'Kulturkampf' ('culture war'), by associating the other side with extremeness or even fascism.

Be that as it may, this is a subtle but pertinent break with *Buying Time*. No longer is the main political dividing line conceptualised as a debtor-creditor relation (Staatsvolk versus Marktvolk). The notion of Marktvolk is hardly mentioned at all. It thus remains unclear if and how it overlaps with the neoliberal elite that Streeck now sees as the main adversary of the people. Is this a third constituency, or is it a faction of the Marktvolk?

Streeck likewise does not overanalyse the protagonists of his analysis. Streeck takes the self-representation of anyone lambasting the elite at face value: all of them representing the 'einfachen Volk' ['simple people']. It is left undiscussed that anti-establishment movements are often well supported by the establishment. Brexit is arguably not a democratic project to foreclose globalisation, but rather an attempt to switch to the US-led bloc, in which the UK can perfect the multinational-friendly offshore tax haven it already is by ditching any environmental regulation, bank supervision and labour laws coming from Brussels.

This would explain why (parts of) the Conservatives, the financial sector and media moguls support Brexit. And AfD is a textbook example of Walter Benjamin's understanding of fascism as mobilising the people without contesting property relations ('Fascism attempts to organize the newly created proletarian masses without affecting the property structure'). Understood this way, AfD and its like are auxiliaries of the Marktvolk. They redefine justified dissent as nationalist resistance against internal and external 'enemies' of the people.

Extreme right parties are not interested in curbing inequality, tax avoidance and pharmaceutical patents – all social democratic issues that Streeck himself cares about. This is not to say that nominal left parties are true defenders of (social) democracy. Syriza, for example, carried out the troika's work after its capitulation in 2015. Rather, it is to say that the Marktvolk still runs the show, and that the antagonism between a non-descript elite and a homogenous people is a rhetorical manoeuvre ultimately serving them. Streeck does not consider this as a possibility. Whoever claims to be against the global elites qualifies as a defender of the people, sovereignty and democracy.

And in these times, defending the nationally constituted demos is alpha and omega. Here the crucial thesis of *Zwischen Globalismus und Demokratie* comes into play. 'Entnationalisierung' ist 'Entdemokratisierung' ['denationalisation' is 'de-democratisation']. Democracy is only possible in small, homogenous states. Only these are non-imperial and can organise consent – at least as long as they are embedded in a stable, peaceful world order. A regionally based, peaceful state system is to replace the current imperial world system that has the US as its centre. This is, then, the Bretton Woods 2.0 that *Buying Time* alluded to.

Switzerland, Denmark and Norway are mentioned as examples of democratic, independent small states – especially in the Bretton Woods era (1944-73). This proposition is historically incomplete, theoretically questionable and normatively problematic. To the extent that the Bretton Woods regime is desirable – and parts of it are – it was never generalisable. There was indeed a somewhat egalitarian *Wirtschaftswunder* [economic miracle] here, but only while and for as long as capitalist states had their colonies to exploit over there. 'Peace' here coincided with wars in Vietnam, Algeria, Congo, Egypt and Angola, to name just a few conflicts in the otherwise peaceful Keynesian era.

It was arguably no coincidence that capital waged a global civil war against labour in the 1970s. The time that unions could share in the spoils of exploitation was over. As Streeck himself put forward in *Buying Time*, quasi-Keynesian Bretton Woods institutions (first and foremost the IMF) were transformed into debt-collecting agencies to police the debt management and economic policy of now formally sovereign colonies. And capital was not repatriated but parked in tax havens. With this realignment, and fearing neither fascism nor communism, capital didn't need to compromise with unions anymore.

Even ignoring the generalisability of this model, small states have never been as democratic and independent as Streeck portrays them. For example, the Netherlands waged its own colonial war in Indonesia (1945-49), holding on to Indonesian outposts until 1962. It was and is understood that geopolitically the Netherlands will never be anything else than a 'loyal ally' of the US, while monetary policy followed Germany's, no questions asked. When in the 1980s resistance against placing US atomic bombs on Dutch soil became massive, this placement was simply carried out covertly instead.

It is still defensible that the Bretton Woods era was more egalitarian and somewhat more democratic than the current one. Streeck, however, does not defend this point; he simply states it, without being interested in either colonial history or 'small countries' politics. The Netherlands is relevant for another reason. The Netherlands is, like Denmark, a counterexample for Streeck's thesis that extreme right parties are blocked from entering government. This furthermore suggests that neoliberals and proto-fascists are perhaps not as antithetical after all. In the Netherlands it is actually a match made in heaven; while the Dutch extreme right champions our 'great' colonial past, the reasonable neoliberal centre consolidates the tax haven that the Netherlands has become since the 1980s (joining, of course, Switzerland). Political scientist Reijer Hendrikse argues that worldwide we are witnessing a realignment of those forces into a synthesis he calls [neoliberalism](#). Trump is the best-known example; being half neoliberal, half racist, he implemented the policies of Goldman Sachs, while tweeting in defence of 'the people'.

Taken together, Streeck does not convince that a Bretton Woods 2.0, supplemented with a European Monetary System (1979-92) redux, is generalisable or even desirable. And Streeck does not even try to argue that it is feasible. The last pages propose that it might come about if we are lucky ('Vielleicht aber haben wir ausnahmsweise Glück' ['but perhaps we are by exception lucky']). Hope is not a strategy. Streeck doesn't seem to believe in his own nostalgia for the good old social democratic days, while being unwilling to consider which political actors might bring positive change about if it is not Lady Luck.

Zwischen Globalismus und Demokratie is eloquent and, as far as I'm concerned, remains appealing in those parts where the arguments of *Buying Time* are reiterated. Arguably the EU is indeed a 'homogenisierungsmaschine' ['homogenising machine'], pushing through a neoliberal 'Einheitsregime' ([one-size-fits-all-regime] with "Keinstaats als Utopie" ['absence of states as Utopia'] but with 'Amerikanismus' ['Americanism'], 'Fassadendemokratie' ['facade democracy'] and 'Superstaatlichkeit' ['superstateness'] as the grim reality. The book is unsatisfying and sometimes downright inconsistent in other parts. Streeck does what he rightfully accused other scholars of. He now has a democracy theory without a theory of capitalism. He proposes that capitalism and democracy are compatible after all, as long as it is not 'Einheitskapitalismus' ['unitary capitalism'], states are downsized to peaceful unities and the world regime goes back in time. This echoes the ['varieties of capitalism'](#) approach that Streeck left behind ten years ago in *Buying Time*.

Streeck has by now shed his Marxist feathers, re-converting towards social democracy. He believes that we can have democracy and social peace in our time and in our national variant of capitalism, if capital comes home ('repatriierten Kapitalismus'). Streeck is the last social democrat standing. In the meantime, analyses such as *Zwischen Globalismus und Demokratie* buy time for the Marktvolk to fortify their alignment with those who wish to make their country, themselves and their race 'great again' without, of course, contesting capital.

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