



# How Will Capitalism End? Essays on a Failing System

*Wolfgang Streeck*

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**How Will Capitalism End? Essays on a Failing System** Wolfgang Streeck  
**The provocative political thinker asks if it will be with a bang or a whimper**

After years of ill health, capitalism is now in a critical condition. Growth has given way to stagnation; inequality is leading to instability; and confidence in the money economy has all but evaporated.

In *How Will Capitalism End?*, the acclaimed analyst of contemporary politics and economics Wolfgang Streeck argues that the world is about to change. The marriage between democracy and capitalism, ill-suited partners brought together in the shadow of World War Two, is coming to an end. The regulatory institutions that once restrained the financial sector's excesses have collapsed and, after the final victory of capitalism at the end of the Cold War, there is no political agency capable of rolling back the liberalization of the markets.

Ours has become a world defined by declining growth, oligarchic rule, a shrinking public sphere, institutional corruption and international anarchy, and no cure to these ills is at hand.

## How Will Capitalism End? Essays on a Failing System Details

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# From Reader Review How Will Capitalism End? Essays on a Failing System for online ebook

## Ferhat Culfaz says

Excellent book. 6 out of 5. Sociologist by training yet excellent analysis of economics and of contemporary capitalism. Structured in a series of essays from past papers, Streeck highlights the dialectic between democracy and capitalism and how capitalism needs counter movements to function and improve. Otherwise it will eat itself. Streeck envisages a decline like the end of the Western Roman Empire to the Dark Ages. His analysis and insight is in the total history style of Braudel.

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## Helen says

This book consists of long introductory chapter followed by several articles written by Professor Streeck, on the 2008 global financial and its causes & effect in general, and how academic sociologists should re-calibrate their area of research to include the study of capitalism since it is according to Mr. Streeck, at the heart of society today.

I thought the book was brilliant albeit not an easy read - since Mr. Streeck manages to pack so many ideas & references into sometimes lengthy sentences. The title of the volume is certainly attention-grabbing - the author believes that unless there are serious reforms, push-back by the people, finance-driven capitalism will ultimately devour itself, since there will be no opposition or counterbalance to stop it. Social or environmental degradation if it gets out of hand and is irreversible, will end capitalism.

As usual, I've picked up numerous quotes - they are certainly thought-provoking, and hopefully, informative as well.

From the Introduction:

"Capitalist society may be described ... as a 'progressive' society in the sense of Adam Smith and the enlightenment, a society that has coupled its 'progress' to the ...unlimited production and accumulation of productive capital, effected through a conversion, by means of the invisible hand of the market and the visible had of the state, of the private vice of material greed into a public benefit."

"For this [...acceptance of the highly unequal distribution of wealth and power generated by the capitalist economy and a belief in the legitimacy of capitalism as a social order] highly complicated and inevitably fragile institutional and ideological provisions are necessary. The same holds true for the conversion of insecure workers - kept insecure to make them obedient workers - into confident consumers happily discharging their consumerist social obligations even in the face of the fundamental uncertainty of labor markets and employment."

"Liberal capitalism in the nineteenth century was confronted by a revolutionary labor movement that needed to be politically tamed by a complex combination of repression and co-optation, including democratic power sharing and social reform."

"Out of [Keynesian, state-administered capitalism in the aftermath of the Great Depression] ... grew the

democratic welfare-stat capitalism of the three post-war decades, ...the only period in which economic growth and social and political stability, achieved through democracy, coexisted under capitalism ... in the OECD world where capitalism came to be awarded the epithet, 'advanced.'"

"...technological fixes may appear any time for all sorts of problems, and in any case it is the working class and revolutionary socialism much more than capitalism, for which 'the end is nigh.'"

"...capitalism would only perish as a result of the destruction of all human civilization. One such scenario would be nuclear war, started by collective human irrationality, the other an ecological catastrophe resulting from 'escalating climate change.'"

"...capitalism is subject to 'a long term structural weakness,' namely 'the technological displacement of labor by machinery' [Collins]."

"The benefits...will go to 'a tiny capitalist class of robot owners' who will become immeasurably rich."

"...their product 'cannot be sold because too few persons have enough income to buy it. Extrapolating this underlying tendency,' Collins writes, 'Marx and Engels predicted the downfall of capitalism and its replacement with socialism'..."

"Some sort of socialism, so Collins concludes, will finally have to take capitalism's place."

"...traditional economic and sociological theories have today lost much of their predictive power."

"...declining growth intensifying distributional conflict ... rising inequality...vanishing macroeconomic manageability as manifested in.... steadily growing indebtedness, a pumped-up money supply ...the ...possibility of another economic breakdown ...the... rise of oligarchic rule; the dwindling capacity of governments ...to limit the commodification of labor, nature and money; the omnipresence of corruption...the erosion of ...infrastructures and collective benefits in the course of commodification and privatization; the failure after 1989 of capitalism's host nation, the United States, to build and maintain a stable global order.... ...resulted in widespread cynicism governing economic life...ruling out a recovery of normative legitimacy for capitalism ...offering equal opportunities for individual progress...."

"...after the end of inflation at the beginning of the 1980s the 'tax state' of modern capitalism began to change into a 'debt state.' ...it was helped by the growth of a ...increasingly global financial industry headquartered in the rapidly de-industrializing hegemonic country of global capitalism, the United States."

"The three apocalyptic horsemen of contemporary capitalism - stagnation, debt, inequality - are continuing to devastate and economic and political landscape."

"Where employment has ...been restored it tends to be at lower pay and inferior conditions, due to technological change ...and to e-unionization, with the attendant increase in the power of employers."

"The advance of neoliberalism coincided with steadily declining electoral turnout in all countries, rare and short-lived exceptions notwithstanding..."

"Party membership declined...party systems fragmented; and voting became volatile and often erratic. In a rising number of countries ...so-called 'populist' parties, mostly of the Right but lately also from the Left ...mobilize marginalized groups for protest against 'the system' and its 'elites.' Also declining is trade-union

membership - a trend reflected in an almost complete disappearance of strikes..."

"As capital and capitalist markets began to outgrow national borders, with the help of international trade agreements and assisted by new transportation and communication technologies, the power of labor, inevitably locally based, weakened, and capital was able to press for a shift to a new growth model, one that works by redistributing from the bottom to the top."

"...the Left began to internalize the idea of globalization as a natural evolutionary process unstoppable by political means - while for capita globalization it offered a long-desired way out of the social-democratic prison or workhouse in which it had been kept during the 'trente glorieuse.' Now states were located in markets, rather than markets in states."

"...capital used its newly gained mobility to push for lower taxes, less regulation, and ... for rigidity being replaced with flexibility."

"...the financial industry ...escaped democratic control everywhere except, perhaps the United States. Then .. it became the most important source of economic growth, tax revenue and campaign contributions."

"National democracies in debt began to face a second constituency, the financial industry..."

"Today...democracy may be conceived as a struggle between two constituencies, the national state people and the international market people..."

"By providing its customers with liquidity, the financial industry establishes control over them, as is the very nature of credit."

"The power of money, wielded by central banks...takes the place of the power of votes, adding importantly to the decoupling of democracy from political economy that is the central requirement of the Hayekian model...of profit growth."

"Neoliberal ideology supports migration and open borders in the name of personal liberty and human rights, knowing that it provides employers in the receiving countries with an unlimited labor supply, thereby destabilizing protective labor regimes.'

"As post-war national labor regimes...are being subverted by international competition, labor markets in leading capitalist countries are changing to precarious employment, ...freelancing and standby work... An extreme case in point is Uber, a giant of the so-called 'sharing economy,'

"...five 'systemic disorders' ...have befallen contemporary capitalism... ...stagnation, oligarchic redistribution, the plundering of the public domain, corruption and global anarchy."

"...the rich ...become independent from the fates of the societies from which they extract their wealth. ...they can afford no longer to care about them. ...a problem - ...of 'moral hazard' - when differences in wealth become so extensive that they give rise to a fusion of economic and political power - that is, to oligarchy."

"American oligarchs, unlike their counterparts in other societies like Ukraine or Russia, are of a 'non-ruling' type, since they are content to live alongside a public bureaucracy a state of law, and an elected government run by professional politicians. But this does not mean that they are not becoming involved in the domestic politics of their country, at the minimum in order to maintain optimal conditions for the further accumulation

of future conservation of their wealth."

"Oligarchs from outside the United States typically take their money out of their countries to resettle it in New York or London."

"...corruption is endemic in finance where the highest profits are to be made by circumventing or outright breaking legal rules on, for example, insider trading, mortgage lending, money laundering, rate fixing and the like."

"...no other industry, except perhaps armaments has developed anything like Wall Street's rotating door relationship with the U.S. government. There is Robert Rubin, treasury secretary from 1995 to 1999 under Clinton, and Henry Paulsen, in the same position under Bush the Younger, from 2006 to 2009 - both former CEOs of Goldman Sachs, the one instrumental for financial deregulation, the other presiding over its results in 2008."

"Doping among athletes competing for ever-increasing sums of prize money and even more lucrative advertising contracts in worldwide winner-take-all markets is accompanied by corruption among officials of international sports associations, some of whom are reported to have been paid huge sums by athletes and their management for suppressing the results of positive doping tests, and by corporations and governments for locating events in places they prefer."

"Corruption...is considered a fact of life, and so is steadily growing inequality and the monopolization of political influence by a small self-serving oligarchy and its army of wealth defense specialists."

"One ominous symptom of growing instability of the democratic-capitalist system is the rise of so-called populist parties, of both the Left and the Right, feeding on and fortifying a deeply emotional rejection of existing social elites."

"Low growth, grotesque inequality and mountains of debt; the neutralization of post-war capitalism's progress engine, democracy, and its replacement with oligarchic neo-feudalism; the clearing away by 'globalization' of social barriers against the commodification of labor, land and money; and systemic disorders such as infectious corruption in the competitive struggle for ever bigger rewards for individual success, with the attendant culture of demoralization, and rapidly spreading international anarchy - all these together have profoundly destabilized the post-war capitalist way of social life without a hint as to how stability might ever be restored."

"While for those at the receiving end disruptive innovation can be catastrophic, regrettably they have to be sacrificed as collateral damage on the Darwinian battlefield of global capitalism."

"In a world without system integration, social integration has to carry the entire burden of structuration, as long as no new order begins to settle in."

"Four broad types of behaviors are required of the 'users' of post-capitalist social networks for the precarious reproduction of their entropic social life, bestowing resilience both on themselves and on an otherwise unsustainable neoliberal capitalism, summarily and provisionally to be identified as coping, hoping, doping and shopping."

"Cross-cutting the distinction between performance-enhancing and performance-replacing drug use is, incidentally, the daily provision of synthetic happiness to an astonishingly large number of customers by

means of ecstatic-euphoric feel-good pop music, individually delivered and consumed with the help of advanced information technology."

"[Post-capitalism] .. must also provide technical assistance enabling people to keep themselves unreasonably happy, while at the same time producing a stream of incentives and satisfactions motivating them to constantly intensity their work effort regardless of stagnant or declining pay, unpaid overtime and precarious employment."

From Chapter 1 - How Will Capitalism End?

"...increasing inequality may be one of the causes of declining growth, as inequality both impedes improvements in productivity and weakens demand."

"Government, first and foremost that of the United States, have remained firmly in the grip of the money-making [finance] industries. These, in turn, are being generously provided with cheap cash, created out of thin air on their behalf by their friends in the central banks..."

"Neither a Utopian vision of an alternative future nor superhuman foresight should be required to validate the claim that capitalism is facing its Gotterdamerung."

"...people may get used to [inequality] ... especially with the help of public entertainment and political repression."

"Technological advances with which to buy time, such as fracking, can never be ruled out, and if there are limits to the pacifying powers of consumerism, we clearly are nowhere near them."

"...there is growing unease over the tension, now widely perceived, between the capitalist principle of infinite expansion and the finite supply of natural resources."

"What actors and institutions are to secure the collective good of a livable environment in a world of competitive production and consumption?"

"Labor, land and money have simultaneously become crisis zones after 'globalization' endowed market relations and production chains with an unprecedented capacity to cross the boundaries of national political and legal jurisdictions."

"...five systemic disorders of today's advanced capitalism... ...stagnation, oligarchic redistribution, the plundering of the public domain, corruption and global anarchy."

"Under oligarchic redistribution [to the top], the Keynesian bond which tied the profits of the rich to the wages of the poor is severed, cutting the fate of economic elites loose from that of the masses."

"...the plundering of the public domain through under-funding and privatization ... [had] its origin ...since the 1970s from the tax state to the debt state to..the consolidation or austerity state. Foremost among the causes of this shift were the new opportunities offered by global capital markets since the 1980s for tax flight, tax evasion, tax-regime shopping and the extortion of tax cuts from governments by corporations and earners of high incomes."

"...privatization [was] carried out regardless of the contribution public investment in productivity and social

cohesion might have made to economic growth and social equity."

"As productivity growth requires more public provision, it tends to become incompatible with private accumulation of profits, forcing capitalist elites to choose between the two. The result is what we are seeing already today: economic stagnation combined with oligarchic redistribution."

"Finance is an 'industry' where innovation is hard to distinguish from rule-bending or rule breaking; ..where the largest firms are not just too big to fail, but also too big to jail, given their importance for national economic policy and tax revenue; and where the borderline between private companies and the state is more blurred than anywhere else, as indicated by the 2008 bailout or by the huge number of former and future employees of financial firms in the American government."

"...what came to light after 2008 beat everything: rating agencies being paid by the producers of toxic securities to award them top grades; offshore shadow banking, money laundering and assistance in large - scale tax evasion as the normal business of the biggest banks with the best addresses; the sale to unsuspecting customers of securities constructed so that other customers could bet against them; the leading banks worldwide fraudulently fixing interest rates and the gold price..."

"...public perceptions of capitalism are now deeply cynical, the whole system commonly perceived as a world of dirty tricks for ensuring the further enrichment of the already rich."

"New, sophisticated means of violence are being deployed to reassure collaborating governments and inspire confidence in the United States as a global enforcer of oligarchic property rights and as a safe haven for oligarchic families and their treasure. ... They include ...comprehensive surveillance of potential opposition everywhere with the help of 'big data' technology."

From Chapter 2 - The Crises of Democratic Capitalism

"People stubbornly refused to give up on the idea of a moral economy under which they have rights that take precedence over the outcomes of market exchanges."

"The structure of the post-war settlement... ...included an expanding welfare state, the right of workers to free collective bargaining and a political guarantee of full employment, underwritten by governments making extensive use of the Keynesian economic toolkit."

"In subsequent years government all over the Western world faced the question of how to make trade unions moderate their members' wage demands without having to rescind the Keynesian promise of full employment."

"Inflation comes primarily at the expense of creditors and holders of financial assets, groups that do not as a rule include workers, or at least did not do so in the 1960s and 1970s."

"For governments facing conflicting demands from workers and capital in a world of declining growth rates, an accommodating monetary policy was a convenient ersatz method for avoiding zero sum social conflict."

"In both the United States and the United kingdom, disinflation was accompanied by determined attacks on trade unions by governments and employers, epitomized by Reagan's victory over the air traffic controllers and Thatcher's breaking of the National Union of Mine-workers."

"The neo-liberal era began with Anglo-American governments casting aside the received wisdom of post-war democratic capitalism, which held that unemployment would undermine political support, not just for the government of the day but also for democratic capitalism itself."

"Instead of the government borrowing money to fund equal access to decent housing, or the formation of marketable work skills, it was now individual citizens who, under a debt regime of extreme generosity, were allowed, and sometimes compelled, to take out loans at their own risk with which to pay for their education or their advancement to a less destitute urban neighborhood."

"Financial liberalization thus compensated for an era of fiscal consolidation and public austerity."

"All of this [rapidly growing indebtedness], of course, ended in 2008 when the international credit pyramid on which the prosperity of the late 1990s and early 2000s had rested suddenly collapsed."

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### **RK-isme says**

Read at your own risk.

"Democratic capitalism was fully established only after the Second World War and then only in the 'Western' parts of the world, North America and Western Europe. There it functioned extraordinarily well for the next two decades so well, in fact, that this period of uninterrupted economic growth still dominates our ideas and expectations of what modern capitalism is, or could and should be. This is in spite of the fact that, in the light of the turbulence that followed, the quarter century immediately after the war should be recognizable as truly exceptional. Indeed, I suggest that it is not the 'trente glorieuses' but the series of crises which followed that represents the normal condition of democratic capitalism a condition ruled by an endemic conflict between capitalist markets and democratic politics..."

p 72

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When I read my GR friend David M's review of Wolfgang Streeck's latest book, 'How Will Capitalism End?', I decided that I had to read it for two reasons: first, while I already agreed with Streeck that, "What comes after capitalism in its final crisis, now underway, is, I suggest, not socialism or some other defined social order, but a lasting interregnum no new world system equilibrium a la Wallerstein, but a prolonged period of social entropy or disorder (and precisely for this reason a period of uncertainty and indeterminacy)", I did not have a solid basis for that belief, just a vague dread about the world my children are inheriting. Secondly, I was not certain that our neo-liberal capitalist world is actually on the verge of collapse. Indeed, on that count, I am still not certain. It may just be wishful thinking.

There is much that I like about this book. I am especially impressed with Streeck's argument around the re-imbedding of "Economics" as a subject of study into the study of society as a whole. (À la Karl Polanyi) That we ever allowed ourselves to be fooled into believing that there could exist such a thing as an "economist" who would be able to lord it over all other aspects of society has long astounded me. "Sociologists of the World Unite!" - but don't try to predict beyond tomorrow. Next week is Trump's world.

The book is actually a set of freestanding essays based upon presentations Streeck has given. As such, the

book does not necessarily present a single theme. Many of the essays were of greater interest to me than I would have expected from the titles, in particular, those on The European Union.

At this point, I would just like to comment on the way in which sociologists, and "economists" for that matter, often tend to see the world only from their own perspective. Americans analyze America and Europeans analyze Europe. Yes, Europe is out there somewhere for Americans and America is the 'éminence grise' for Europeans, but really, they do not factor each other in very well. Thus, the American led global economy gets little mention here while Germany and the European Union hold centre stage. The collapse of capitalism, when and if it occurs, will entail all of us, not just Angela Merkel's Europe. That being said, I did get a great deal out of the essays on the E.U.

Streeck explains the coming "end of capitalism", and, indeed, the constant crises including our current recession which started in 2008, as a result of an inherent contradiction (conflict) within our "democratic capitalist" system. The glory days of this system occurred following World War II during the so-called 'trente glorieuses', the thirty years of comparative growth of both the economies in western democracies as well as the general wellbeing of the populace of these countries. It was the age of growth of the welfare state and the expectation of a Chevrolet, a Volvo or a VW in every driveway. The concepts of rights and equality also grew and ideas of class consciousness declined. Streeck explains the origins of this time in terms of an agreement between labour and capital.

"The structure of the post-war settlement between labour and capital was fundamentally the same across the otherwise widely different countries where democratic capitalism had come to be instituted. It included an expanding welfare state, the right of workers to free collective bargaining and a political guarantee of full employment, underwritten by governments making extensive use of the Keynesian economic toolkit. When growth began to falter in the late 1960s, however, this combination became difficult to maintain. While free collective bargaining enabled workers through their unions to act on what had become firmly ingrained expectations of regular yearly wage increases, governments' commitment to full employment, together with a growing welfare state, protected unions from potential employment losses caused by wage settlements in excess of productivity growth. Government policy thus leveraged the bargaining power of trade unions beyond what a free labour market would have sustained. In the late 1960s this found expression in a worldwide wave of labour militancy, fuelled by a strong sense of political entitlement to a rising standard of living and unchecked by fear of unemployment."

Thus capitalism found itself in a position where it could no longer continue to grow, as it has to do to stay alive, and to maintain labour peace. Government turned first to large-scale, long-term borrowing and currency manipulation to try to keep the peace, trying to meet the expectations of the electorate while not killing off capitalism, the proverbial goose. That eventually led to runaway inflation and slow economic growth. This in turn led to higher unemployment, the very thing democratically elected governments had promised to prevent. Crisis upon crisis.

Enter the theories of economist Friedrich von Hayek. Put simply, Hayek's theory proposes that capitalism only functions when the role of the government is minimized. Government should stay out of the economy except insofar as it is necessary to protect and facilitate capital growth. Once that state of affairs is reached, everyone will benefit. (Trickle down) These ideas began to percolate amongst economists, with the help of well-funded think tanks, and soon became the theory 'du jour' amongst right wing politicians.

Hence, Ronald Reagan and Maggie Thatcher introduced their policies of 'laissez faire' economics: busting unions, cutting social programs, lowering taxes on the rich, and deregulation. Today we call this neoliberalism: fewer labour rights, struggling, ineffective social programs, huge wealth and income gaps, and

out of control financial institutions which threaten us with ever more devastating economic crises while democratically elected governments struggle with growing debt or, as in some cases, a loss of control of their own policies as big money calls the tune -see Greece or even Sweden which has traded its famed social democracy for 'fiscal responsibility'.

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(Sorry. I got a bit carried away there.)

In any event, Streeck does a fairly good job of explaining the above and much more. I had a great many "Aha!" moments while reading this.

In reply to my question as to why capitalism will fail, Streeck suggests simply that it needs opposition to continue. Having largely defeated the opposition, labour in Marxist terms, there is no longer any organized opposition.

Likewise with the question as to why there will be no "Socialist Revolution" to save us all. Nobody is standing in the wings ready to spring. There is no Lenin in Switzerland. It will be each and everyone of us on our own.

In response to this thesis, I would say, "Yet, but...." I do believe there is much more than that. There is the fact that environmental factors are already pushing many parts of the world to crisis. Corollary to that will be huge movements of people to other parts of the world (refugees in Europe? Wait until South Asia gets there.). Then there is the coming collapse of globalization. (Streeck touches on this but basically as a EU issue.) And I would suggest that many "democracies" are already imperilled as right wing (populist?) politicians take the stage. (Opportunists of the Mussolini type may be self generating in a legislature near you. I don't know.). And let us not ignore our depoliticized, consumer driven citizens who have no idea what is happening to their world. There are a great many possibilities on the horizon. As Streeck makes clear, neither he nor anyone else can project the final outcome nor when it will appear. This is the pessimists view of the future. I'll keep reading to see if there is a more optimistic, realistic option.

I have one major complaint with Streeck's arguments. Although he gives somewhat of an historical context, he leaves out any real discussion of globalization and its origins. I believe that this topic is necessary to any discussion of the future of our capitalist democracies.

"The Making of Global Capitalism" by Leo Panitch and Sam Gindin provides a good history of the creation of our globalized economic dominated societies. Briefly, during World War II, the American government realized two things. One, after the war the world would be the most powerful nation left standing, economically and militarily. Two, the people of Europe, tired of wars and economic scarcity, were likely to turn to communist style socialism. The question was, "How do we prevent the loss of Europe to the USSR and spread American style democracy and capitalism?"

Their answer to this question was to share the wealth. This is not portrayed as some evil plot. What is interesting though is that this policy was originally driven, not by business, but by government. The government could attract no capitalists in America to invest in the European economy. The Marshall Plan to rebuild Western Europe and bring democracy and Keynesian style capitalism to the people, on the American New Deal model, was funded by the US government. This led to the trente glorieuses and a growth of American power and prestige (...and the eventual collapse of the Soviet Union, I would guess.)

Our current globalized world, which continues to eat away at our 'democratic' institutions and our individual wellbeing needs more discussion than Streeck gives it here.

That's enough. The book is so much more than this. A good education for us all. Now back to Polanyi and Keynes.

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### Ian says

Well...I think I understand most of what Streeck had to say just by reading the introductory chapter. I say "think" because his writing style is somewhat obtuse, academic, and wordy, so I feel that the book is intended for a more academic audience, or at least one with more knowledge of macroeconomics than I have.

Essentially the book is a set of lectures Streeck gave a few years after the economic collapse of 2008-09, fronted by an introductory chapter that well summarizes his thesis. I entirely agree with that thesis, by the way: modern capitalism has basically burnt through the most productive years of growth after WWII, where standards of living rose, western consumerism, which was protected and enhanced by unions, helped drive real economic growth that benefited everyone and secured Western-style democracy as the most obvious political system of freedom. This is what we all believe is the true beneficial face of modern capitalism. The problem, Streeck maintains, is that much of that consumerism maxed out real (necessary) production and caused inflation that prompted democratic governments to try new methods to grow the economy in a stable fashion. After stumbling about with high interest rates and the fallout of higher unemployment, one of the worst experiments was the attempt to grow the economy using artificial financial instruments that produced no real tangible assets, simply cancerous growth, and hence the collapse in 2008. The response we've had since, of free and easy money dumped into corporations who have nothing really novel to invest it in (most simply bought back shares to raise the stock prices), has not helped the average worker whose wages have continued to stagnate at mid 1970s levels.

Ultimately, we have a scenario playing out where worker-consumers are not really seeing economic growth in their purchasing power, corporations are not really creating anything novel and worthwhile for those consumers to buy anyway, and both sides point their fingers at government, which is caught in the middle, to help solve "their" problems. Since Western governments depend on real economic growth to fill their coffers, which is not happening, taxes are being used ineffectively to bolster the profits of corporations that are "too big to fail" in the hopes that this at least keeps the ersatz economy hobbling forward, ostensibly to better days. Hence, we are in a position where traditional western capitalism and hand-in-hand democracy is at a crossroads, which seems murky and uncertain. Streeck sees nothing obvious (or at least familiar) to take its place. Corporations who hold the balance of power in democracy, over actual voters, have defaulted to a position of lining their pockets as quickly as possible, as we face imminent collapse of both capitalism and democracy.

It would seem the the Republican Party in the US understands this, as their recent actions are completely in line with an oligarchy who have abandoned those citizens they should be representing in order to fleece them as consumers and protect their corporate bottom lines. Every day, the news seems to point to what Streeck has posited will be happening: the corruption and failure of democratic institutions, and capitalism only "working" to ensure the survival of those plugged into the most powerful corporations.

Unfortunately, although I am not entirely sure since I was unable to complete all the chapters in this dense book, Streeck did not point out any positive solutions. For example, I wonder what would happen if democratic governments decided to go back to the thinking of FDR's New Deal and make some huge changes to western infrastructure, namely switching to an alternative energy economy. The research and development of alternative power generation and the redevelopment of existing infrastructure could go a

long way in providing real economic growth and the production of real things. It would also have the secondary effect of slowing climate change, and possibly making the earth a better and healthier place to live. Of course, you'd have to get the corporate stakeholders who are heavily vested in the old system of petro-economics and older technologies to adapt to something outside of their comfort zone, and that would be expensive for them, which is why it is likely a non-starter. Pity.

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### **Christy says**

"A general logic of crisis" is how capitalism will end. (Shades of Habermas??)

For political economists and all those that strive to think like one, check out this book review if you didn't catch it in LRB. Shared by a political economist friend in Turkey, trained at London School of Economics, and waiting to be pulled from his classroom most any day in Istanbul that is growing more fascist and reactionary every day.

<http://www.lrb.co.uk/v39/n01/adam-too...>

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### **Peter McLoughlin says**

Very abstract and systems oriented. The long and short of it is that since the end of the postwar boom in the 1970s capitalism under neoliberalism has faced ever-growing crises. The low growth, the increasing inequality of this regime has shown that the common belief that democracy and capitalism are compatible may be completely mistaken. The growth of inequality has lead to a tightening oligarchy and decoupled profit from general prosperity especially with the financialization of the economy turning the economies of the world into a casino and the house always wins. We are witnessing the diminishment of democracy and the installation of oligarchy. Capitalism may end in crises but the only alternative that seems to be mobilized is far right neofascism and that poses a dire threat to most ordinary people whether they understand that or not.

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### **Domhnall says**

The glass is half empty. This is not primarily because of either the contemporary triumph of capitalism or its imminent catastrophic demise but because there is no evident alternative in view. The introduction to this collection of essays is oppressively pessimistic and I was initially reluctant to continue reading. The remainder of the book is more constructive to the extent that it enters into a detailed and interesting analysis of the interactions between politics and economics and it does in the end have a constructive proposal to make. This is that economists, when they make unsupported claims about human social behaviour, should for the first time be properly challenged by sociologists, who are after all students of society in a way that economists are blatantly not.

There is nothing new in the idea that capitalism is inherently unstable. *not just ... Marx and Engels but also Ricardo, Mill, Sombart, Keynes, Hilferding, Polanyi and Schumpeter, all ... expected one way or other to see the end of capitalism during their lifetime.* [p12] *What kind of crisis was expected to finish capitalism off differed with time and authors' theoretical priors; structuralist theories of death by overproduction or*

*underconsumption, or by a tendency of the rate of profit to fall (Marx), coexisted with predictions of saturation of needs and markets (Keynes), of rising resistance to further commodification of life and society (Polanyi), of exhaustion of new land and new labour available for colonization in a literal as well as figurative sense (Luxemburg), of technological stagnation (Kondratieff), financial-political organization of monopolistic corporations suspending liberal markets (Hilferding), bureaucratic suppression of entrepreneurialism aided by a worldwide trahison des clercs (Weber, Schumpeter, Hayek) etc., etc [p13]*

Capitalism has in fact been characterised by a sequence of major challenges, some of which are identified in the introduction. In the late nineteenth century, the need to tame a revolutionary labour movement by a combination of repression and co-opting. In the early twentieth, the need to commandeer the resources of capitalism in two world wars. The failure after the first world war *to produce a viable social order, so that capitalism had to give way in large parts of the industrial world to either Communism or Fascism, while in the core countries of what was to become 'the West' liberal capitalism was gradually succeeded, in the aftermath of the Great Depression, by Keynesian, state-administered capitalism... Out of this grew the democratic welfare-state capitalism of the three post-war decades, with hindsight the only period in which economic growth and social and political stability, achieved through democracy, coexisted under capitalism, at least in the OECD world... In the 1970s, however, what had with hindsight been called the 'post-war settlement' of social-democratic capitalism began to disintegrate, ... This was the period of both intensifying crisis and deep transformation when 'late capitalism'... gave way to neoliberalism.* [p14]

Streeck describes a broad pattern of interactions between the operation of political society and that of the market economy, in which the balance of power has frequently shifted over time. Political efforts to keep capitalism under some form of control have had varying success and it can be said that democracy has periodically rescued capitalism from its own self destructive tendencies. If the post war decades stand out as a golden era, in which democracy and capitalism appeared to be mutually supportive and beneficial, this has been displaced by a neoliberal era in which capitalism refuses to provide government with the funds through taxation that are required to sustain public services and to support democracy itself. Temporary solutions, based on public and private debt, are increasingly insufficient to compensate for the refusal of the rich and the middle classes to fund government properly, with the result that the public sector is in retreat throughout the developed world, while capitalism is drawing itself free from the social constraints of democracy. Methods are being found to maintain public consent or apathy in the face of this disaster, but there is an intrinsic limit to the capacity of capitalism to exploit human and natural resources without provoking its own destruction.

The apparent triumph of capitalism is reflected in statistics on inequality. *To assess the extent to which growing inequality in America has produced an oligarchic power structure, Jeffrey Winters has calculated what he calls a Material Power Index for the contemporary United States... According to Winters, this corresponds roughly to the difference in material power between a senator and a slave at the height of the Roman Empire.* [p44]

The risk arising within this apparent triumph is one of hubris. *Beginning with oligarchic inequality – one could also speak of neo-feudalism – what matters here for the future of capitalism, or the lack of one, is not primarily that a tiny minority in today's capitalist societies is becoming unimaginably rich. On this entire libraries have recently been produced, with little to no political effect. From the perspective of systemic stability what seems more important than inequality as such is that it may already have gone so far that the rich may rightly consider their fate and that of their families to have become independent from the fates of the societies from which they extract their wealth. As a result, they can afford no longer to care about them. This becomes a problem – one of 'moral hazard' – when differences in wealth become so extensive that they give rise to a fusion of economic and political power – that is, to oligarchy.* [p43]

*Plutonomic capitalists may no longer have to worry about national economic growth because their transnational fortunes grow without it; hence the exit of the super-rich from countries like Russia or Greece, who take their money – or that of their fellow citizens – and run, preferably to Switzerland, Britain or the United States. The possibility, as provided by a global capital market, of rescuing yourself and your family by exiting together with your possessions offers the strongest possible temptation for the rich to move into endgame mode – cash in, burn bridges, and leave nothing behind but scorched earth. [p85]*

*Max Weber drew a sharp line between capitalism and greed, pointing to what he believed were its origins in the religious tradition of Protestantism. According to Weber, greed had existed everywhere and at all times; not only was it not distinctive of capitalism, it was even apt to subvert it. Capitalism was based not on a desire to get rich, but on self-discipline, methodical effort, responsible stewardship, sober devotion to a calling and to a rational organization of life. [p87] ... After Enron and WorldCom, it was observed that fraud and corruption had reached all-time highs in the US economy. But what came to light after 2008 beat everything: rating agencies being paid by the producers of toxic securities to award them top grades; offshore shadow banking, money laundering and assistance in large-scale tax evasion as the normal business of the biggest banks with the best addresses; the sale to unsuspecting customers of securities constructed so that other customers could bet against them; the leading banks worldwide fraudulently fixing interest rates and the gold price, and so on. [88]... Nobody believes any more in a moral revival of capitalism. The Weberian attempt to prevent it from being confounded with greed has finally failed, as it has more than ever become synonymous with corruption. [p89]*

Among other things, an interesting aspect of the book is a chapter analysing the ways in which the institutions of the European Union, and especially the single currency, function to the advantage of capitalism by transferring crucial economic decisions to bodies that are international and supposedly technical in their nature, hence standing apart from any serious or effective democratic accountability. Indeed, the author is scathing about every part of the EU, including the European Parliament. Sadly, while recognising the totally destructive impact of Brexit, it is easy to see why the EU is despised from the Left as well as from the Right in British politics.

Nevertheless, bearing in mind the deeply pessimistic nature of this entire book, it really is important to recover some critical faculties and notice that the cynicism is not based on solid facts, but rather on a particular way of representing them, which is open to question in many ways. It is one thing to appreciate the arguments, which are very lively and thought provoking, quite another thing to accept them in full. I need time to get it into perspective.

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## **Maru Kun says**

Interesting review by Adam Tooze on this work in the London Review of Books: A General Logic of Crisis.

*"...Streeck believes...Capitalism will end not because it faces serious opposition but because over the course of the coming decades and centuries it can be relied on to consume and destroy its own foundations. We should expect ever intensifying stagnation, inequality, the plundering of the public domain, corruption and the escalating risk of major war, all of this accompanied by a pervasive erosion of social order, generalised social entropy. Indeed, according to Streeck we have at least since the 1970s been living in what he refers to as a 'post-social society ... a society lite'. We cope individually with conditions of increasing uncertainty, while at the macro level both society and economy become increasingly ungovernable. 'Life in a society of this kind,' he writes, 'demands constant improvisation, forcing individuals to substitute strategy for*

*structure, and offers rich opportunities to oligarchs and warlords while imposing uncertainty and insecurity on all others, in some ways like the long interregnum that began in the fifth century CE and is now called the Dark Age.'..."*

Sounds about right to me.

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### **Dax says**

An interesting read that lacks a strong conclusion or takeaway. Yes, Streeck does a great job of showing our path from social democracy to consolidation state via neoliberalism. The chapter that focuses on the incompatibility of capitalism and democracy is the strongest aspect of the book and worth the price of admission alone.

The reason for three stars is his unwillingness to propose a potential solution for the income gap and the mounting obligations of the debt states. He briefly mentions getting rid of globalization and re-embedding democracy, but then immediately accepts the futility of such a notion. I won't even bring up his "forecast" of a turbulent future with an under-governed society (if I remember correctly that was his exact term).

His observations are well presented but are certainly not ground breaking. I give him big bonus points, however, for recognizing the failure of the welfare state - a significant admission from an economist who genuinely fears Hayekianism and favors redistribution.

A good work, but there was some meat left on the bone.

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### **Adam McPhee says**

Finally got around to reading this after hearing Paul Kennedy interview the author on CBC's Ideas.

Mixed feelings. It's incredibly soporific, but occasionally he busts out a passage like this:

How should we imagine a capitalism which is not dependent, for the sake of social cohesion, on a bloated credit system that promises to underwrite unlimited consumption standards of which everybody knows by now that they are not generalizable? A credit system, for that matter, whose promises seem increasingly irredeemable and that ever fewer creditors believe in. These questions have been addressed in various ways by conservatives, like Meinhard Miegel, or progressives such as Amartya Sen and Jean-Paul Fitoussi. But we know – or ought to – that a break with the self-destructive mass consumerism that currently has the world in its grip will only be possible if greater sacrifices can be extracted from those who have profited most from the recent transformations of the capitalist economy, as opposed to those who have seen their life chances decline during decades of liberalization and globalization.

A democratic departure from the life-threatening sedation provided by cheap-money capitalism would require new solutions to the problems which the latter has only worsened. Consumer credit as compensation for stagnating wages and a growing gap between top and bottom could

become superfluous if all earned a decent wage. Better living and working conditions for the great majority would alleviate the need for yet more consumer toys to compensate for status anxiety, competitive pressure and increasing insecurity. This will not be possible without a revitalized trade-union movement that would help to end the ever more destructive exploitation of the human capacity to work and nurture families. At the same time, debt financing of public expenditure would have to be replaced by more effective taxation of the incomes and assets of liberalization's winners. States should no longer have to carry out the tasks mandated by their citizens for society as a whole with borrowed money, which then has to be repaid with interest to the lenders, who in turn bequeath what has remained of their wealth to their children. Only if the trend towards deepening social division – the signature of capitalism in the late twentieth and early twenty-first centuries – were reversed would it be conceivable that modern society could free itself from the compulsion to assure domestic peace through the unchecked production of toxic assets to engineer synthetic growth.

This theme is anything but new. What should worry us is not the fact that it suddenly occurred – or recurred – but that its democratic solution appears so impossible today that we shy away even from naming it, so as not to seem stuck in the past. 'Just as ancient peoples had above all need of a common faith to live by, we have need of justice', Emile Durkheim wrote in his seminal work on the division of labour. Since the end of the post-war era, it is all water under the bridge, much of which has flowed down the Hudson River, past the southern tip of Manhattan from where the world is governed these days. Trade unions are disappearing, capital listens only to presidents of central banks, not to political parties; and the money of the rich is everywhere and nowhere, gone in an instant when strapped tax states reach for it. We can only wonder what form of opiate of the people the profiteers of late capitalism will come up with, once the credit doping of the globalization era stops working and a stable dictatorship of the 'money people' has yet to be established. Or may we hope they will have run out of ideas?

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The bit about the four behaviours ("hoping, coping, shopping and doping") needed to survive unsustainable neoliberal capitalism was pretty good too.

The book ranges from a general breakdown of neoliberalism to some really insightful stuff about post-2008 capitalism. But the writing is so dry it's hard to read.

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### **Jason says**

Meanwhile an astonishing number of parents, single or coupled, have cheerfully adjusted to a high-pressure way of life somehow combining child-rearing with ever longer hours of ever more demanding and insecure employment. Rather than complaining or rebelling, many seem to take the stress as a test of their personal capacity for permanent improvement, much like high-performance athletes. Living the contemporary capitalist way of life, parents comply with social expectations that they subject themselves in good spirit to the strict regimentation of a self-enforced rigid time regime and take pride in enduring the hardships of a new sort of "inner-worldly asceticism." 220

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## David M says

*Read. this. book.*

Though I do believe it's now too late to vote in the prestigious goodreads' choice awards, this would get my nod for best nonfiction published in 2016.

In a recent interview with the Jacobin, Streeck said that the most pressing task for the left right now is to sober up. Well, this book (particularly the introduction and title essay) certainly has that effect - profoundly sobering, not to say devastating. Before 11-8, I would have found his analysis interesting but somewhat abstract and possibly exaggerated - one of many interesting theories to consider. Now that things are playing out the way they are, it's impossible to deny the urgency of his vision.

Given the universal humiliation of the media class, the total discrediting of conventional wisdom, it's necessary to delve very deep to get any kind of grip on the present. Streeck offers that necessary depth.

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After a youth flirting with anarchism and other various radical identities, I may now be having a socialist awakening. In the present context to be a socialist effectively means to be a conservative - be in favor of restoring democracy to public life, preserving what's left of our liberal institutions, and, yes, maybe even saving capitalism from itself.

However, it may already be too late for that.

For the decline of capitalism to continue, that is to say, no revolutionary alternative is required, and certainly no masterplan of a better society displacing capitalism. Contemporary capitalism is vanishing on its own, collapsing from internal contradictions, and not least as a result of having vanquished its enemies - who, as noted, have often rescued capitalism from itself by forcing it to assume a new form. What comes after capitalism in its final crisis, now underway, is, I suggest, not socialism or some other defined social order, but a lasting interregnum - no new world system equilibrium a la Wallerstein, but a prolonged period of social entropy or disorder (and precisely for this reason a period of uncertainty and indeterminacy). It is an interesting problem for sociological theory whether and how a society can turn for a significant length of time into *less than a society*, a *post-social society* as it were, or a *society lite*, until it may or may not recover and again to become a society in the full meaning of the term.

Insofar as neoliberalism had a philosophy other than sheer profit, it was something along the lines of disintegrating society in order to emancipate the individual (note to self: read Hayek). It's gone along way towards the first of these goals, but by now it should be clear that the second in no way follows. Just as the speaker can't speak without language, so the individual can't exist except against a background of shared social bonds. When these bonds are destroyed the individual naturally reverts to a helpless, terrified infant. We are seeing this dynamic play out now in the way our culture elevates the most vacuous and pathologically selfish individuals as models to be envied and emulated (yes, the president-elect is the most egregious example of this, but to be fair I think you can see it on the other side as well; Hillary often ran on a platform of feminism as celebrity self-entitlement).

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## BlackOxford says

### Compulsive Pontification

Streeck's academic thesis is straightforward: Capitalism has adapted successfully to the conditions it itself has created since its formation in the late 18th century. But capitalism now lacks potential responses to future crisis. Economic policy-makers, he believes, have run out of effective economic antibiotics and must simply wait for the next evolved super-bug to strike. Streeck is agnostic about the source of the next crisis - ecological devastation, inadequate consumer demand, technological stagnation, declining returns, social inequality, political un-sustainability - are certainly candidates. But believes that the end of the system which has come to dominate the planet is nigh through some combination of these, or from as yet undetected evils.

The logic supporting Streeck's argument is roughly this: The future of the world economy is not simply indeterminate but what he calls multi-morbid. That is, so many things could go wrong, there are so many bugs out there, that some of them are bound to evolve immunity, and when they do the interactions with the Body Politic and Economic will be so complex that neither economists nor national governments will have a clue about how to treat the effects. His evidence for this claim is mainly the disagreement among economists about what is likely to happen to the global economy. This disagreement, not economic facts themselves, is the foundational datum of Streeck's argument. It's a bit like medical researchers concluding that because there are a potentially infinite number of hostile bacteria in the world, many of which we haven't even identified yet, one of them is bound to kill all of us off.

So, as Marx predicted, capitalism will decline and fall through its own internal contradictions, of which there are many more than he realised to worry about. But what will replace capitalism won't be socialism, or any other system that we can now conceive. Instead, according to Streeck, we are heading into an economic and sociological void, an uncharted future of chaos and "social entropy" (interestingly a term of approbation that Freud had used about America in 1909. Could this be Streeck's inspiration?). This forecast seems hardly distinguishable from an economic confession of total ignorance. If read this way, much of what Streeck has to say is merely professional smoke to disguise the absence of anything meaningful at all.

He then proceeds to his institutional analysis. Our existing institutions - economic, financial, social, governmental - will be inadequate to stabilise these emerging conditions according to Streeck. He describes a global situation which is more or less the one that ensued in Russia after the break-up of the Soviet Union. In short, we're in for a rough ride and we don't have any idea of the destination. So we are not only ignorant of the future challenges, we are also ignorant of the ability of our institutions to cope with whatever these challenges might be. In other words, we don't know which antibiotics we might need, but whatever ones they are, we don't have them. I suppose this is an economist's version of a double negative making a positive.

Even more fundamentally, Streeck sees a "decoupling" of democracy and political economy. That is, the restraints placed on capitalism by government policy over the last century will gradually disappear. Keynes and Samuelson are out the window; but so are Hayek and Friedman. The union of democracy and capitalism has only really been operational since WWII and has now been rendered sterile, mainly through the globalisation of finance. Governments are powerless; there is no theoretical script to guide policy-making. We can now look forward to essentially unregulated, "de-socialised," capitalist activity involving increasingly corrupt practices and unjust consequences. The idea of Adam Smith that private greed is

transformed into public virtue has passed its sell by date. Already the odour of decay is reaching into even the best neighbourhoods. This indeed looks a solid conclusion, but one that most educated non-economists have already made.

Although written before Trump's electoral announcement, Streeck predicts the growing power of populism, especially on the political Right. But he also predicts a dramatic rise in oligarchic power, especially in America. Trump's executive appointments of largely super-wealthy sympathisers during his first two weeks in office appears to confirm Streeck's judgment. Populism after all has nowhere to turn, when it rejects the political class, except to these oligarchs. Labour leaders have been neutralised, racial leadership is fragmented, the middle classes are confused and without effective voice whatsoever. An outstanding observation, obvious once stated, but not before. Well done Professor Streeck.

Surprisingly, Streeck has little to say about China. He dismisses the importance of both the Chinese economy and the system of Chinese state capitalism out of hand.

Surviving in this new "entropic society" will, according to Streeck, depend on four civic virtues: coping, hoping, doping, and shopping. Essentially these involve believing in God but tying your camel first and having a stash at hand for socialising at the mall when the camel gets nicked. Economists are not known for their irony, so I have to take him seriously in these suggestions

The End of Capitalism is the ultimate curate's egg of a book: very good and very bad in about equal parts. Streeck's summary of recent economic thought is tight and informative. His conclusions from the diversity of opinion say much more, however, about the profound ignorance and arrogance of economists than the vulnerability of the world economy, however real that vulnerability may be. Similarly, his political observations are often acute and prescient. But the sociological implications he draws, especially his prescriptions for individual action, are trite, verging on the puerile.

I think therefore that just about half this book should have been written. I am reminded of John Wanamaker's famous quip: "I know that half my advertising budget is wasted; I just don't know which half." Fortunately, in the case of How Will Capitalism End?, it's fairly obvious which half. Economists and pollsters might want to lay off the predictive pontification and concentrate on thinking about why they don't agree with each other. It might improve their credibility enormously. And the rest of us could get back to the apocalyptic Book of Revelation.

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## Rhys says

Streeck is an exceptionally clear writer, and he makes a cogent case throughout these essays on the ongoing transformation of capitalism ... but into what? Just chaos, it seems.

"For the decline of capitalism to continue, that is to say, no revolutionary alternative is required, and certainly no masterplan of a better society displacing capitalism. Contemporary capitalism is vanishing on its own, collapsing from internal contradictions, and not least as a result of having vanquished its enemies – who, as noted, have often rescued capitalism from itself by forcing it to assume a new form. What comes after capitalism in its final crisis, now under way, is, I suggest, not socialism or some other defined social order, but a lasting interregnum – no new world system equilibrium à la Wallerstein, but a prolonged period of social entropy or disorder (and precisely for this reason a period of uncertainty and indeterminacy)."

And then:

"I anchor this condition in a variety of interrelated developments, such as declining growth intensifying distributional conflict; the rising inequality that results from this; vanishing macroeconomic manageability, as manifested in among other things, steadily growing indebtedness, a pumped-up money supply, and the ever-present possibility of another economic breakdown; a suspension of post-war capitalism's engine of social progress, democracy, and the associated rise of oligarchic rule; the dwindling capacity of governments and the systemic inability of governance to limit the commodification of labour, nature and money; the omnipresence of corruption of all sorts, in response to intensified competition in winner-take-all markets with unlimited opportunities for self-enrichment; the erosion of public infrastructures and collective benefits in the course of commodification and privatization; the failure after 1989 of capitalism's host nation, the United States, to build and maintain a stable global order; etc. etc. These and other developments, I suggest, have resulted in widespread cynicism governing economic life, for a long time if not forever ruling out a recovery of normative legitimacy for capitalism as a just society offering equality opportunities for individual progress – a legitimacy that capitalism would need to draw on in critical moments – and founding *social integration on collective resignation* as the last remaining pillar of the capitalist social order, or disorder."

That last line is a beauty - social integration on collective resignation. It certainly describes the current attitude towards politics in my part of the world.

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### **Athan Tolis says**

Comfortably the most provocative thing about this book is its title.

Away from that, this collection of twelve essays on the decline of the market economy is very sober and sedate. It's certainly no call to arms! Neither its content nor its style relate in any way to the sundry cod-revolutionaries who endorse it on the cover; Streeck, a serious sociologist, is nothing like them!

His answer to the question he asks on the cover of the book can be summarized in a rather apologetic "we don't know for sure that capitalism will end, we just know it's in trouble."

He does not foresee a new world order and he does not propose an alternative system. He merely predicts that the current struggle between what he calls "democracy" and "market forces" will remain unresolved, leading to permanent instability and unpredictability, with all that entails.

The basic assumption in the background of the book, never fully articulated (the best effort to do so is in Chapter 8), is that the capitalism system as we know it (the kind that 1. helps us best to decide where to allocate our marginal resources and the kind where 2. democracy and market forces have worked in relative harmony) is a special type of system that can only thrive if it is hosted and supported by strong institutions, including a government that sets and enforces basic rules and regulations regarding what it is we're allowed to own, whether we're allowed to transfer ownership, how much market power businesses are allowed to exercise, what happens if we fail to stick to our side of a bargain etc. etc. This not being a naturally-occurring system, its institutions need continuous support from society, and the support has (perversely) often come via the resolution of internal or even external conflict. Conflict that has certainly been absent since the "end of history" in 1989, for example.

In the author's own words, capitalism "was always a fragile and improbable order and for its survival depended on ongoing repair work. Today, too many frailties have become simultaneously acute while too many remedies have been exhausted or destroyed. The end of capitalism can then be imagined as a death from a thousand cuts." (p. 13) He goes on to state the main theme of his book as follows: "For the decline of capitalism to continue, no revolutionary alternative is required, and certainly no masterplan of a better society displacing capitalism." (p. 14) Between now and the "end of capitalism" Streeck basically predicts a Dantean purgatory: "A society in interregnum would be a de-institutionalized or under-institutionalized society." (p.14)

The most dire prediction you will find here is that "the social world of the post-capital interregnum, in the wake of the neoliberal capitalism having cleared away states, governments, borders, trade unions and other moderating forces, can at any time be hit by disaster." (p. 14)

My favorite essay is not the one that gives the book its title. Comfortably the most lucid piece here is chapter 9, "How to Study Contemporary Capitalism." It is in this well-considered chapter that the author best summarizes his (perforce, in a collection of essays, oft-repeated) narrative that takes us from the apogee of the system around 1970 to its near-death experience in 2008:

"After the end of post-war growth, governments in the 'free world' avoided conflicts with strong trade unions over wage increases and unemployment by allowing for high rates of inflation. Inflation, much like credit, served to pull forward in time as yet non-existing resources, enabling employers and workers to realize in nominal money terms claims whose sum total was in excess of what was in fact available for distribution. While workers believed they were achieving what they perceived to be their moral-economic right to a steadily rising living standard combined with secure employment in their present jobs, employers were able to reap profits in line with expectations of a proper return as established in the decades of post-war reconstruction. As inflation continued, however, it devalued accumulated savings and increasingly distorted price relations. Its conquest in the early 1980s, in the course of the 'Volcker revolution', did not bring stability, however. Instead, it ushered in a period of rising government debt as electoral politics substituted for collective bargaining as the political-economic mechanism of the time for mobilizing surplus resources to pacify otherwise disruptive distributional conflict. When this, too, became unsustainable in the 1990s, consolidation of public finances could be undertaken only by giving households access to deregulated private credit, allowing them to compensate for stagnant incomes and rising inequality by borrowing on their own account." (pp. 214 – 215)

The essays in the book take turns in looking at the events of this period through a number of the favorite "lenses" of socialist theory.

Chapter 3, for example, expounds the well-worn theory that for the longest time Soviet communism and American capitalism were busy delivering pretty much identical outcomes to their citizens. It was allegedly only at the point where every Russian household and every American household alike were equipped with (for example) a washing machine that the outcomes bifurcated. Capitalism at that point stopped fulfilling "needs" and moved on to "wants" and became a mechanism to create new consumerist "wants" for its citizens who would not have felt the urge to buy these goods and services if they had not been prodded to do so.

With only 2% of the US workforce working in agriculture today managing to not only feed the entire US population, but also rendering the US the largest food exporter on earth, I think the argument is stale. Pakistan has 70% of its population working in agriculture and my home country of Greece is at the geometric mean of the two at 12% and I'll tell you people are applying for green cards from both (and both

countries, unlike the US, are net importers of food too!) The fact that the US has 98% of its workforce to spare after it's grown its food does not strike me as a failure. Neither do I think the work they do is inferior in interest to that performed by the guys who work at Monsanto or the sundry mercantile exchanges, to say nothing of the 0.6% of the US population that actually gets dirt under its fingernails. The argument extends even better in my view to manufacturing, Donald Trump's (and presumably Wolfgang Streeck's) objections notwithstanding.

Similarly, the book laments the fact that women have been forced to join the workforce (allegedly so the family unit can keep spending –the author refuses to acknowledge that they may get positive utility from working) and even hints that people today are acquiring education as a means to an end (spending) rather than because they want to. All a matter of opinion, of course, but mine differs rather vehemently from Wolfgang Streeck's. I did a math degree at the age of 31-33 and God knows I had nowhere to go with it. I just loved doing it. I'm 100% sure I was not alone and 99% sure I'll never use the stuff I learned and have already forgotten. It was consumption, alright, but my brain was doing the consuming and I had a ball.

There is a collection of chapters (four in total) that concern themselves with the situation in Europe. The European bureaucracy, chief among its institutions the ECB, is correctly identified as the ersatz European government and is accused of putting the interests of capital ahead of the interests of the citizens.

The author is exactly correct to say that the European institutions tend to identify more with the lender (typically a northern European bank or pension fund) than with the borrower (typically a Mediterranean government). He is equally correct to identify that democratic process was suspended when the elected governments of both Italy and Greece were supplanted by banking-friendly technocrats.

He fails, however, to observe that when push came to shove, the ECB used all its authoritarian independence not to enforce rules, but to pander to the sundry borrowers. It did so, moreover, in a manner no sovereign government could ever hope to emulate. For all of Wolfgang Streeck's protestations, the institutions he decries (perhaps in self-preservation) have printed trillions of EUR, precisely to allow the struggle between "democracy" and "market forces" to remain unresolved. That's what "kicking the can down the road" has been all about, and it's the most august of institutions to whom this has been delegated.

The role of the objectionable institutions at the center of Europe has thus been dual:

1. First, a mechanism for sovereign EU governments to avoid political accountability to the individual electorates when passing tough measures, a way indeed to bypass the democratic process.
2. Second, a mechanism for sovereign EU governments to avoid political accountability to the individual electorates when letting off the hook those who cannot pay. Germany would never have bought Italian bonds. Along the same lines, the UK would never have sent money to Ireland, much as that was necessary to end the era of IRA terrorism. All that money has been channeled through the institutions of the EU.

The failures of the ECB have in my view not come from its mandate or from its attitude to state borrowers. The ECB has actually failed in a much more fundamental role, that of keeping its eye on the banking system: it let German and Dutch banks gorge on both US subprime and Mediterranean govvies, while allowing the Spanish and Italian banking system to take full advantage of the "exorbitant privilege" to create EUR.

In what has to be the most unsung string of financial crimes in history, we ended up with Spanish owners for companies as diverse as Hochtief, all of the UK's civilian airports, the Argentinian phone company etc. etc. all while the Spanish banking system defaulted on hundreds of thousands of depositors whom it duped into buying its subordinate debt. Similarly, Michele Ferrero (purveyor of fine chocolates to the ambassador's reception) died in Monte Carlo and the Agnelli's have moved their partying to New York and their holding

company well clear of Italy, all while the Italian banking system is dying under a mountain of loans that will never be repaid and derivatives deals that nobody ever questioned. That's what Streeck ought to be complaining about in my view. Not about authority that was never really used, other than to help kick the can down the road.

But enough about that. A truly fantastic chapter (chapter 8) follows, which laments the displacement of the discourse that has taken place in our democratic societies:

You cannot but agree with Streeck that, rather than seek to address THE basic issue, which has to be redistribution, the “progressive” side in politics has abdicated its responsibility and prefers to talk about non-issues: “Culture wars, ‘family values,’ lifestyle choices, ‘political correctness,’ the age and sex of politicians, and the way they dress and look and speak deliver an unending supply of opportunities for pseudo-participation in pseudo-debates, never allowing for boredom to arise: whether the foreign minister should or should not have his male companion accompany him to a state visit to the Middle East; if there are enough women cabinet members, and in sufficiently powerful positions; how female ministers attend to their small children, too little or too much; whether the president of the Republic should use a motor cycle when visiting his lover; and how often the minister of economic affairs takes his daughter to Kindergarten in the morning.” (p. 189)

This, of course, mirrors the way the Democratic party in the US has refused since 1976 to engage in anything resembling redistribution, has refused to contain the market power of emerging monopolies from IBM through to Microsoft and onto Google and Uber, has allowed (alone with New Zealand among advanced countries) big pharma to advertise on TV, came down in favor of Angelo Mozilo and “sanctity of contract” rather than the evicted subprime borrower, all while of course espousing Romneycare, pretending to shut down Guantanamo, pretending that sticking “record fines” on people like Steve Cohen is comparable to how we treated Boesky and Milken three decades ago, trying and failing to sign the odd treaty on non-proliferation, paying lip service to global warming, making nice with Fidel Castro and more recently espousing separate toilets for transsexuals and shouting “Putin” whenever it feels it’s been cornered on the issues.

The less-developed theme in the book, though still present in quite a few of the essays is the idea that in the course of the past forty years capitalists have gathered enough power to work around the restrictions imposed by the state, but that this has actually served to threaten capitalism, because it has led to excesses that are provoking an angry reaction to the status quo.

In my view that's a pity, because if there is a threat to Capitalism that's precisely from where it comes:

Streeck has the pieces, but he fails to put them together, basically. The American more so than the Western European, is first and foremost a consumer, and he's been getting killed:

1. The crisis of 2008 has thrown in the microwave oven the hitherto slow process from “perfect competition” to “oligopoly” in so many markets (example: two companies sell baby formula in the US, only one sells chewing gum, your cable TV typically comes from one source and the two biggest mattress companies have merged) that the supply curve on tons of products and services has wildly curved upwards, squeezing output downward and price upward, not only causing the sluggish growth the economy has been experiencing (including to the market for good jobs), but also keeping prices elevated in the face of crappy demand.
2. Just as this phenomenon is starting to consolidate (it had a one-time effect on the speed of growth and had a permanent one-time effect on inequality), another very sinister effect is taking hold: a large number of

markets that used to clear at a single price for everybody is with the help of the Internet converting business model to perfect market segmentation. Think of how you don't dare go back to a website and reprice plane tickets because the engine knows you just asked for that ticket, for example. Market segmentation allows for perfect price differentiation, which converts the whole of the consumer surplus into economic rent for the seller.

The shift of power from the consumer (the customer who used to be "king") to the producer has not gone unnoticed. The American people did not vote in their first black president, a man promising to deliver "change," because they were pining for a Harvard-educated member of the establishment who'd go on to sell his White House memoirs for 60 million dollars.

They firmly believed they were voting in a Hugo Chavez. An Andreas Papandreou. Somebody who might cost them, but would cost the emerging plutocracy even more.

The very same public that once simultaneously voted in Clinton, Blair and Schroeder (all of them "third-way" social liberals / nouveaux fiscal conservatives) to protect its newly-acquired middle-class savings from the idle recipients of welfare, the very same public that once hung by Greenspan's every word, because he was the man to preserve those savings and protect them from the ravages of the market, has discovered that the powers-that-be have taken the mandate it gave to them to such an extreme that now it finds itself unable to hand over to its children the same status it was accorded by its parents.

And that is the biggest threat to capitalism.

The public is mad and second time round it's taken no chances. The crazier the politician, the more insane he sounds, the likelier to bring down the temple, the better. We'll deal with the consequences later!

Where does that leave us with Streeck's opus? Well, it kept me good company, it taught me some stuff and it sure made me think. So I'll round up its 3.5 stars to four, much as I disagree with most of what the author has to say. Also, it's fantastic to hear from a socialist who is not shouting from the rooftops.

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