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KOMMENTAR

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Comment on Wolfgang Merkel, "Is capitalism compatible with democracy?"

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The points of agreement between Merkel (2014) and Streeck (in this issue) in their respective article and commentary are far more important than their differences: capitalism and democracy can be antagonistic but constructive partners, and have been such in limited times and places; but the conditions for their mutual compatibility are rather strict. As Merkel points out, if economic inequality goes beyond a certain point, it threatens the operation of democracy; if democracy's control over private property goes beyond a certain point, it threatens the viability of capitalism. In today's advanced societies there is little danger of the second, as the social groups who might feel disadvantaged by a regime of private property are weak and powerless, unlike the growing mass of industrial workers who mounted socialist challenges to late nineteenth and early twentieth century capitalism. Also, the disastrous history of the Soviet bloc stands as a clear warning of the likely consequences of concentrating all economic resources in the hands of the state. The threat to democracy from financialized globalization and the growing inequality that is its consequence is however real and upon us. It is even possible that it is already too late to save democracy from being anything other than a façade for the operation of private economic power. Capitalism and democracy have become decoupled, and the former is dominating and reducing to the margins the scope of the latter. Financialization and globalization have been the driving forces, neoliberalism the ideological expression, of this process.

I can claim to have predicted some of this in my *Post-Democracy* (Crouch 2003): the role of globalization in disembedding capitalism from national regulation, the national level being the only one where democracy has registered important achieve-

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ments; the decline of the industrial working class, with which capitalist interests had needed to reach important compromises in the mid-twentieth century; and the displacement of political energy away from democratic levels to secretive small circles of political and financial elites. However, I did not appreciate the extreme rise in inequality that was contributing to this pattern. It was a few years later, in the wake of the financial crash, that the Organization for Economic Cooperation and Development (OECD) (OECD 2011) began to warn that very small proportions of the wealthy population were taking rapidly increasing shares of national income in a range of countries. By 2005 the top 1 % of the income distribution in the USA was taking 17.4 % of national income, in the UK 14 %, Norway 13.8 %, Switzerland 10.1 % (OECD 2011, p. 349). In the rest of Europe and Japan the figure was less than 10 %, but everywhere more than 5 %. (No data were available for Germany.) But despite the resonance of the slogan of the Occupy movement—'We are the 99 %'—the top 1 % is too large to constitute the economic elite. A closer approximation is the top 0.1 %, which was taking 7.9 % of US national income, 7.0 % of Norwegian, 5.0 % of British, and over 2 % of Japanese and most of the small number of other European countries where there were data (OECD 2011, p. 382). Put differently, between 1975 and 2007 the top 0.1 % of the US income distribution took 46.9 % of national economic growth, leaving the remaining 99.9 % with little more than half (Förster et al. 2014). The equivalent British figure was 24.3 %; in France, Italy and Norway it was over 11 %, somewhat lower in the few other countries for which data were available—with only 2.5 % in Denmark. Within the top 1 % it has been the top 0.1 % that has been making the main gains, not the remaining 0.9 %.

The concern that the OECD is demonstrating over this is significant, as it had been one of the international organizations most ardently pressing the neoliberal project of market deregulation. It is interesting that the OECD paper that estimated the share of growth being taken by the top 0.1 % (Förster et al. 2014) dated its calculations from 1975, on the eve of the crisis of Keynesian demand management and consequent political changes in the UK and USA that triggered that project. The International Monetary Fund (IMF) (Ostry et al. 2014) and World Bank (in its journal *Inequality in Focus*) have similarly been former promoters of neoliberal deregulation who have now started to show alarm at the growth in inequality that their *protégé* has been producing.

What principally worries these organizations—though apparently not the great majority of national governments—are the economic consequences of this monopolizing by the very rich of the products of growth. Their concern is concentrated on the US, where the share of growth that has been taken by the top 0.1 % is nearly double even than that in the UK, and more than four times that in the rest of Europe. Despite reasonable economic growth figures, the purchasing power of the employment incomes of most US families has been declining. For years now household consumer debt and excessive mortgages on housing have sustained the American dream, a process that I have called 'privatized Keynesianism' (Crouch 2009). This was a major cause of the financial crisis, and the revelation of its role in propping up the US, UK and other domestic economies has been one of the reasons why the OECD and others have turned their attention to what has been happening to incomes. That everyone should get some share in a growing economy was part of the prom-

ise of democratic capitalism, a promise in exchange for which the majority of the population was asked to accept some continuing inequality. Inequality, it is always argued, is justified because it is the entrepreneurial rich who create the wealth for us. Whatever truth there may sometimes be in that assertion, the financial crisis revealed that in the current state of deregulated global capitalism those who were making most wealth were doing so at the expense of crippling the economy.

1 The mutual convertibility of economic and political power resources

All this is very important, but more significant is a different consequence of this growing inequality that is beyond the scope of international economic organizations: *economic resources can be converted into political ones, and vice versa*. There are two points here: the conversion of resources, and the consequent mutual interaction implied by *vice versa*. First, the conversion itself: A fundamental rule of market economics is broken—the separation of economic and political power—when powerful economic interests can more or less buy the political system. In a capitalist economy this principle protects the market from political interference, and protects democracy from economic interference, interference in both cases designed to advance the interests of a few. This is essential to maintaining that delicate balance between capitalism and democracy that Merkel describes so well. There is however an interesting twist to this argument. The theory of pluralist democracy differs from neoclassical economics in that it does not just tolerate but insists on the openness of politics to lobbying by private interests, which includes economic ones. This is partly because such openness is essential to an expanded concept of democracy on the lines outlined by Merkel; partly because the theory uses a kind of elective affinity between democracy and capitalism in having a political market that is kept in balance by there being a large number of participants, none of whom can control the system. There is no expectation in this form of democratic theory that members of society will not try to use politics to influence economic outcomes; only that, provided there is enough pluralism, there will be a kind of stalemate of influence: no one group will dominate systematically. Hayek's very restricted concept of the scope for democracy, as described by Streeck, is far more limited than that, being barely democratic, and provides very little opportunity for society to access the economy at all.

The key point here is that the pluralist model fails when inequalities reach the point where very small groups can afford to spend extraordinary sums of money on lobbying governments and parliaments, owning mass media outlets and other means of persuading public opinion, becoming so dominant in the economy that governments dare not risk confrontations with them, threatening to relocate their businesses unless a very friendly fiscal and regulatory environment is provided for them.

Another protection of the autonomy of the economy from democracy provided in pluralist democratic theory is the logic of collective action (Olson 1965): organizing enough people to wield lobbying power is very hard work, and usually not in the immediate interests of those concerned. However, if this is so, severe damage is done to the viability of pluralism when economic inequality reaches the point where a few can afford to buy the resources required for political influence while the rest

of the population has to fall back on trying to solve the collective action problem. Under these conditions, the openness of political institutions to 'public' access does not serve the interests of pluralism, but the very opposite: the very openness creates a *de facto* closure, as those able to use vast economic resources can exclude nearly everyone else. Even making government more 'transparent', to use a current rallying cry, can provide more chances for the very rich to increase their political influence, because they are better placed to deploy the resources needed to make use of knowledge about governments' workings.

Second, through the *vice versa* process the relationship between economic and political resources becomes mutually reinforcing. Economic power will be deployed politically in order to advance the interests of those wielding it; the result of this political influence will be to increase the wealth of those concerned, which in turn further reinforces their political influence, and so on, and so on. A spiral of this kind creates the rapidly growing inequalities that we are now experiencing.

2 The causes of the new inequality

The OECD's analysis of growing inequality (OECD 2011, p. 122 ff.) identified several causes. Technology was one: technological innovation reduces the demand for low-skilled workers who are displaced by it and increases the demand for those with the skills to develop and use the technology. However, this effect has been almost entirely offset by improvements in education, which have reduced the supply of the low-skilled and increased that of the highly skilled. Sectoral change has played a part, with the growing role of the financial sector and related business services, activities that generate considerable inequality. We shall return to this issue below, but first we must concentrate on another finding of the OECD study: that 'institutional' and policy factors were among the most important sources of growing inequality.

Institutions and in particular policies are within the control of human decision-makers, they are not ineluctable, impersonal forces. Changes in institutions that are relevant to growing inequality are therefore part of the mutually reinforcing processes of economic and political power described above. This can be seen particularly clearly in taxation, changes in which institution have been responsible for producing some of the growing inequality. Across the OECD area as a whole, the highest income tax rates declined from 66 % to 42 % between 1981 and 2010 (Förster et al. 2014; see also Bastagli et al. 2012). The bottom 90 % of the income distribution receive between 70 and 85 % of their income in the form of wages and salaries; the top 0.01 % receive only 40 % of their income in this form, the majority coming as corporate income, dividends, and capital gains. These kinds of income have increasingly been taxed more lightly than wages and salaries. The average corporate income tax in the OECD area has declined from 47 % to 25 % from 1981 to 2010, dividend tax from 75 % to 42 %. These changes have taken place during a period when pre-tax income inequality was increasing. One can hypothesize that in the face of growing pre-tax incomes inequality a democratically responsive fiscal regime would improve the progressivity of taxation, while one caught up in mutually reinforcing inequalities

of economic and political power would make regressive changes. The fiscal changes of the neoliberal period have been consistent with the latter hypothesis.

Another institutional change that the OECD identified as a cause of increasing inequality was the decline of coordinated collective bargaining. The changes directly involved here are most likely to affect inequalities within the bottom 60 %, as they concern the decline of solidaristic bargaining within the employed workforce. However, one can go beyond the OECD's own analysis to identify changes here that affect wider inequalities and political processes. There is a close though not perfect relationship between the extent of coordinated collective bargaining and trade union power (measured as a combination of the density of union membership and the engagement of unions in governance mechanisms). There is also a strong correlation between trade union power and post-tax and –transfer inequality: the greater the degree of union power, the greater the degree of redistribution produced by the fiscal system (Crouch forthcoming, Chap. 6). The causal relationships here are complex and indirect. Union power represents one of two mechanisms that have been devised within capitalist societies to counter the influence of extreme concentrations of private wealth. The other has been the existence of political parties responsive to working-class electorates. The latter has become difficult to estimate since the decline of the industrial working class. The socialist, social democratic, labour and communist parties, also to a lesser extent Christian democratic ones, that all developed together with unions as parts of labour movements, have increasingly become 'catch-all' parties, like their right-of-centre opponents, seeking votes wherever they can find them among voters working increasingly in the post-industrial services sectors that have developed little political identity. Sometimes, as in the case of New Labour in the UK, this process has involved an explicit disconnection between parties and unions; elsewhere there has been a more implicit but significant gradual decline.

Past histories of party dominance continue to affect policy legacies, such that countries with long records of centre-left government have lower levels of both pre- and post-tax inequality, but today it is probably the continuing role of strong unions that maintains a class challenge to capitalist political domination. It is relevant that union strength correlates far more strongly with post-tax than with pre-tax inequality, suggesting a political rather than an economic effect of union challenge. But most relevant of all for present purposes is that everywhere coordinated bargaining, union strength and fiscal redistribution have been in decline.

Overall, therefore, growing inequality has been threatening the viability of both a capitalism that is able to satisfy the economic aspirations of the great majority of the population—the issue that worries the OECD, IMF and World Bank—and a democracy capable of responding to the political demands of anyone beyond a small economic elite. Through their mutual reinforcement, both these negative tendencies are likely to become intensified, until the idea of capitalist democracy becomes a complete oxymoron. Piketty's (2013) account of capitalism predicts a continuing growth of inequality through an essential accountancy mechanism: the tendency for the returns to capital to be greater than the sum of growth in population and productivity. The mutual reinforcement of economic and political inequality must accelerate that process by a significant factor.

2.1 The role of sectoral change

Sectoral change has been important to these processes at several points. We lack a thorough study of the political implications of economic sectors in the post-industrial economy, but we can make a few tentative generalizations about sectors that are likely to be particularly closely involved in the mutual reinforcement of economic and political inequalities. To qualify, a sector needs to satisfy two conditions: oligopolistic tendencies, producing both the super-profits and the small numbers of participants needed to avoid the collective action problem; and a convincing claim to public importance, enabling its spokespersons to demand special attention from governments. We can identify the following prime candidates:

- *Carbon-based energy*. This sector requires vast investment programmes and the ownership of natural resources, characteristics favouring oligopoly if not outright monopoly. Part of the primary sector rather than the tertiary, and with ownership patterns that more closely resemble those of pre- rather industrial or post-industrial societies, this sector is nevertheless fundamentally important to the functioning of carbon-dependent advanced economies. It is also militarily significant, partly because of the dependence of war machines on energy, partly because of the regions of the world where petroleum and natural gas are mainly found. It also creates environmental damage of global and major proportions, and therefore needs political influence to prevent governments acting against it in a wider public interest.

  Countries where oil and gas in particular dominate the economy typically have extreme inequalities of wealth and income, and also weak or non-existent democracy: the oil-producing Arab countries and Russia in particular. Energy does not dominate the US economy, as this is too diverse, but the US oil sector is highly politicized and contributes to the extreme inequalities of that country. Norway has escaped many of these implications and remains among the most egalitarian countries in the world; it is one of those where union strength is particularly high. However, it is notable that, despite this, Norway is among continental European countries where the top 0.1 % has been taking a particularly high share of economic growth.
- *Banking and finance*. This sector enjoys a unique status as being the one that provides the means through which a money economy operates. It has become even more important since the development of secondary and derivatives markets, which have led to the financialization of all assets, the short-term tradable value of any asset replacing all other evaluations. The world's economies have reached the point where, without largely deregulated banking, accountancy and financial investment services, it would be impossible to calculate what anything is 'worth'—misleading though the concept of asset value is. Although the sector overall resembles a true market, with a large number of players, it is dominated by a small number of global corporations, which, we famously learned during the 2008 crisis, are deemed 'too big to fail'. This means that governments accept an obligation to protect them from the normal rules of the market, according to which ease of exit from a market is as important as ease of entry into it. Accord-

ing to the OECD's analysis, it was earnings in the financial and related business services that have been particularly important in powering the rise in pre-tax income inequalities. In Piketty's analysis, the high earnings of senior executives are replacing the rentier incomes that had produced the high inequalities of the eighteenth and nineteenth centuries. While high executive earnings occur in several sectors, banking and finance provide particularly astronomic incomes. The US and the UK, followed by Switzerland, are countries to which this sector is singularly important, and it is here, especially the US and UK, that the rise in inequality has been most spectacular.

Oligopoly, strategic importance and their consequent political influence have produced the political protection of the sector and, almost as a necessary consequence, the most strongly growing incomes among the senior executives and professionals involved. In this case, it is often not strictly true to speak of 'lobbying'. A lobbyist stands outside the chamber where the decision-makers meet, but wields money and power to influence their decisions. Leading personnel from the major banks have become the decision-makers themselves. This is seen most notably in the 'revolving door' between the US Treasury and firms like Goldman Sachs, and in the temporary emergence of former Goldman Sachs executives as the heads of government of Greece and Italy when those countries needed to offer 'reassurance' to investors. Less widely acknowledged was the presence of an informal committee of private banks alongside the European Commission, the European Central Bank and the IMF in the group setting the terms for the bail-out of Greece (and compensation of its bankers) in the 2010 crisis. This committee remained curiously anonymous, the group being known as the 'troika' rather than the quadrilateral that it really was.

- *Privatized or contracted-out public services*. Government contractors have long been a major source of distortion of the relationship of capitalism to governments, a bane of free-market theorists. They have however grown considerably in importance with the strong neoliberal drive to privatize or contract out many public services. It is not yet clear what contribution this development is making to overall inequality, but certain important features are relevant. First, these services are often highly oligopolistic, for two reasons: (i) a difficulty in organizing competition and markets had often been a major reason why these activities were for a long time kept outside the private sector; (ii) there are typically only a few firms that know how to develop the relations with governments that are crucial in winning contracts. This latter also implies a second feature, the highly political nature of this sector. Third, also contributing to politicization and strategic importance, these services include some that are seen as basic to the functioning of both a modern economy and democratic citizenship: health, education, care, security. Finally, the movement of an activity from the public to the private sector usually implies increased incomes for senior management, who start to benefit from low-taxed non-salaried forms of remuneration, and lower incomes for middle- and lower-rank staff, who usually lose the protection of unions, the strength of which is greater in the public than in the private sector in a post-industrial economy.
- *Information technology*. In some aspects the rise of information technology has assisted in the growth of a true market economy, as large numbers of small soft-

> ware firms and ancillary services have grown up around it. At the core however stand a small number of global concerns, greatly aided in their growth by the major network externalities that the sector provides. While some IT applications are non-strategic and even trivial, such as computer games and social media sites, the industry is also closely related to security issues. The Internet was itself a joint product of non-market actors: the US Defense Department and some universities. The original aim of that project, to find a form of communication proof against hostile action, was a failure, but that very fact has ironically only intensified the security importance of the industry. Also, both the IT industry itself and the possibilities for non-geographically located activities that it provides for the rest of the economy have facilitated tax evasion and fiscal regime shopping of a kind that can be used only by the rich. This has exacerbated existing tendencies for the very wealthy to reduce their tax contributions.

Other, smaller industries sometimes qualify for this status of being oligopolistic and politically important: for example, aircraft, arms and military equipment, pharmaceuticals. Notably these are all concentrated in the US and probably contribute to that country's exceptional level of inequality. In general however it seems that the odd combination of primary (energy) and tertiary (finance) sectors that constitutes the main motor of the post-industrial economy is particularly associated with steep inequalities of earnings, oligopolistic concentrations of power, and high political salience. It is a combination that produces similar levels of high inequality in the finance-driven capitalism of an increasing number of the most advanced economies to those found in the energy-based oligarchies of the former Soviet Union, and the traditional patriarchal capitalisms of south-west Europe. It is notable that the only countries of central and eastern Europe that have low levels of inequality are the Czech and Slovak Republics and Slovenia. The last-mentioned is the only one to have developed something remotely resembling the strong welfare states and trade unions of parts of north-west Europe, but all three are still heavily industrial economies. The countries of former Czechoslovakia also have particularly high levels of foreign investment; the fortunes being made by their industries are probably going to investors and senior executives in Germany and elsewhere in western Europe rather than to the local rich. As a result these countries are themselves among the most egalitarian in the world; they are not participating in the main engines of inequality affecting everywhere else.

Even if sectoral change constitutes a kind of technical explanation of growing inequality, it is part of what the OECD would call 'institutional' factors and what Streeck would call issues of power and class. The sectoral changes produce different consequences for the power of different classes, weakening organized labour and strengthening a very small politicized economic elite. I do not share Streeck's view that Merkel's model-building account in itself deflects attention away from these class and power relations. Merkel's own account is rich in the power relations that are making it increasingly difficult to reconcile capitalism with democracy. Further, his matching of the different kinds of democracy and capitalism that are congruent with each other is useful in explicating why the situation is not amenable to easy action. It would however be possible for others to use his account in a more functionalist way, which would be regrettable.

3 The problem of Europe

A similar misplacement of the argument is also possible with Streeck's own account, which stresses the role of the EU in promoting non- or even anti-democratic capitalism, especially though not solely in the south-western crisis economies and Ireland. That Streeck correctly describes the role that the EU continues to play is not in doubt. The Union has long been an example of post-democracy: an institution with all the formal trappings of democracy, but where these have been developed in a top-down, bureaucratic way, mainly concerned with legitimation than with giving expression to real popular pressure and with no real demotic base. The Parliament was excluded from the negotiations over the Greek bailout and other crisis packages, though as noted a committee of private bankers was permitted to participate. The EU was also involved in enforcing the changes in Greece and Italy that temporarily produced governments headed by former Goldman Sachs executives, in both cases accompanied by the post-democratic legitimatory charade of supportive parliamentary votes.

Lenin famously claimed that a democratic republic constituted the best possible shell for capitalism. Today one would have to say that post-democracy represents the best possible shell for globalized finance capitalism. Actual dictatorship is too risky; dictatorships are less likely to maintain the rule of law than regimes with a democratic form, and capitalists prefer the predictability that the rule of law brings. Also, dictatorships provoke negative reactions in populations that can provide an unstable business climate. This latter can happen in a really vigorous democracy; but a post-democracy, where the forms of rule of law, free elections, etc. are maintained, but behind which overlapping economic and political elites come together to do the real business, provides a reassuring environment.

The EU as Streeck describes its role certainly fits this picture well, but there are some grounds for restraining the conclusions one might draw. Although doubtless most European leaders were relieved that the Parliament was not involved, the proximate cause was the mischievous role of the UK government in using its veto to prevent the Eurocrisis from being managed through Europe's formal institutions. Also, weak and post-democratic though it is, the Parliament has played an increasingly vigorous role ever since it began to be an elected assembly. It provides some evidence that an institution with a weak but distinct democratic legitimacy can develop a role for itself. The evolution of a European *demos* could never have been anything other than a slow, interrupted and contested process. But it is a process, and it will be the best place from which a challenge to the de-democratization of Europe can be mounted.

More important however is the impression that Streeck's argument can give that a reversal of European integration could reverse the whole trajectory of a growing confrontation between capitalism and democracy. He advocates a return to national regulation of capitalism, for the logical reason that this is the only level where democracy can still sometimes be strong enough to resist financialized globalization. The problem concerns how this return would take place. Let us assume first that it comprises a number of autonomous actions by nation states, rejecting the overall neoliberal trend of European policy-making and cutting themselves off from it. These economies would need to erect protectionist barriers, in the first place just around international

capital flows, but then to impose an ever wider range of import controls on goods and services from firms using the liberal financial environment existing elsewhere to evade the new national controls. Populations that have become accustomed to buying goods in global markets and travelling around the world would not lightly accept the imposition of controls on their behaviour that strengthened barriers against international trade would inevitably bring; parties promising a relaxation of controls would be popular. With or without the EU, the political elites of some nation states will seek to gain competitive advantages by making their countries more attractive to global investors than those who would want to move to tighter regulation. The principal advocate of European fragmentation within the EU, the United Kingdom, would use its exit from membership precisely to pursue such a strategy. The power of individual nation states to pursue a more regulatory model without recourse to heavy protection and all its negative consequences has become very weak. One of the problems of the south-west European economies is that for too long some of their key industries were protected from international competition, giving them little incentive to upgrade their production systems, and leaving them vulnerable once protectionist walls were dismantled. This would have led them into considerable economic difficulty even if they had not joined European Monetary Union.

Further, with whatever political intent such a renationalization movement started, its most significant political carriers would be the xenophobic right. Movements of this kind are powerful across Europe, from Finland to Greece and from Hungary to the UK. European social democracy has never been protectionist and isolationist, and it is notable today that Syriza in Greece and Podemos in Spain protest their commitment to European co-operation. The politically unfocussed populism that initially seemed to be similar to these but which lacked a settled centre-left orientation, il Movimento Cinque Stelle in Italy, has found itself within a xenophobic grouping in the European Parliament.

But more important to our present concerns, protectionism favours oligopolistic domestic producers, who gain political influence as 'national champions' on the old French and Italian model. Even if measures could be taken to ensure that protectionism did not lead to inefficiency and poor-quality products (which is doubtful), the whole process would favour even more than does financialized globalization the power of politicized oligopoly, creating in its turn more inequality. We would return to the problem that renationalization would be trying to resolve. After all, the neoliberal turn is not something distinctive to the EU, but affecting the USA, Japan and many other parts of the world. The only exceptions are certain countries in Latin America, but it is not clear that these are avoiding the negative consequences of protectionism or that they provide a useful model for the advanced economies of Europe.

There remains the possibility of a coordinated move, a general recognition among European and national political elites that it would be in the interests of the citizens of Europe to take back economic regulation to the national level, where democracy can still wield some power. Such a coordinated action, of the kind advocated recently by Fritz Scharpf (2014), would avoid the aggressive building of protectionist walls and stirring up of hostility to other countries that a disorganized move would entail. The easiest objection to raise against this approach is that, if there were enough agreement in Europe to make it happen, it would not be needed, since an EU that was agreed that

something had to be done to address the imbalance between democracy and capitalism would be an EU willing to tackle the issue at the European level itself. Streeck's reasoned objection to this interpretation would presumably be that the EU simply cannot be the agent for such a massive task as trying to move back from globalization, as it lacks the democratic weight that could be the only force strong enough to effect change. But this returns us to unilateral national action and the dangers of protectionism.

It is only by centripetally bringing together various national concerns, not by collapsing centrifugally, that democracy stands a chance of contesting capitalist deregulation. For Europeans that means in the first instance working through the EU, though eventually it means broader action through the World Trade Organization. These arguments lead us to a conclusion that, I admit, is far more paradoxical than Streeck's clear advocacy of a turn to economic democratic nationalism. I am forced to argue that, to reassert democracy against global capitalism requires a move from a more democratic (national) gremium to a less democratic (European) one. But this is because the former simply cannot tackle the task required at the necessary level. If the neoliberal direction of travel of European integration cannot be turned, I see no level of action powerful enough to do the task at all. However, Streeck's argument about the potentiality of national democracy remains valid. The rise of groups like Syriza and Podemos demonstrate the possibility of national developments that, provided more of them develop in further countries and show a capacity for endurance, might just possibly help force the European elite into recognition that it is losing popular support. Authorities in post-democracy have a real need for the protection of a formal democratic legitimacy; if that looks like being lost, they may have to risk accepting important aspects of the real thing.

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