

LEHMAN SISTERS, OR THE THIRD WAY TO
EUROPEAN SOCIAL DEMOCRACY

Sylvia WALBY, *Crisis* (Cambridge, Polity, 2015)

Perhaps this book is best read as a party manifesto. A party manifesto defines a political problem in need of address, such that successful address with available means under extant conditions appears possible. It attributes that problem to a live enemy liable to be defeated by live agents provided they do the right thing. Those agents exist, or are presently coming into existence, in the form of the party, or coalition, for which the manifesto spells out the problem to be solved, the enemy to be defeated, and the strategy to be followed. While victory is not guaranteed, it is possible, and indeed certain if problem and enemy are correctly understood, the strategy is properly applied by the right leadership, and the necessary supporters are persuaded to join the cause.

What is the problem to be addressed, who the enemy to be defeated, and what is to be done? Once upon a time in the 1980s, ideologically blindfolded neoliberals deregulated the financial industry and thereby set in motion a “cascade” of crises. Risky financial transactions destabilized global financial markets, and in 2008 they collapsed. Financial crisis, as well-described in Chapter 3 [39-46], gave rise to economic crisis and recession (Chapter 4), which caused a fiscal crisis that provided a pretense for neoliberal austerity (Chapter 5). The result was a “decline in the depth of democracy” (Chapter 6) although not with respect to “gender issues,” as women’s previous gains in parliamentary representation and employment were not lost [117]. This led to a crisis in the “gender regime” (Chapter 7), opening the way toward a restoration of democracy and a “re-gendering” of the “economic growth regime,” including a re-regulation of finance [60 ff.], which will put an end to the economic as well as the fiscal crisis.

Note how problem and enemy are cut to size, manifesto-style, so no doubt can arise that they can in fact be conquered, and now. “Finance caused the crisis. More precisely, the failure of the state to regulate finance caused the crisis. Finance is intrinsically unstable; but this can be mitigated. The reduction in democratic control over finance led to the financial crisis” [35]. The deregulation of finance came out of the blue; there were no crises preceding it for which it might conceivably

have been a—temporary—solution. A crisis of financial regulation, to be resolved by more democracy—not a crisis of capitalism to be resolved, if at all, by less financial regulation and less democracy. Nothing about secular stagnation, therefore, and whether high-risk finance might still be the instrument of choice in concealing it: low growth began only after 2008, and so did high debt and rising inequality. No fiscal crisis of the state either—or none that couldn't be settled by collecting higher taxes from the rich, Piketty-style [93f.], and by issuing Eurobonds to finance social investment, which in turn will restart growth, which will end the fiscal crisis. Finance is to be reregulated by way of a “deepening of democracy,” making democracy again express “the will of the people” [111, 171, *passim*], which is for economic growth driven, this time, by social justice, which is in any case the only growth still on offer [10]. Neoliberalism, of course, is *not* the will of the people, whatever “the people” is, or are, which will become apparent once democracy is properly deepened. Deepening of democracy is possible since the enemy of “the people” bent on denying “the people” its will differs from “the people,” not by different interests endowed with superior power, but by inferior cognitive resources combined with excessive financial risk-proneness, as characteristic of testosterone-driven masculine neoliberal ideologues [58, *passim*] acting in a “male monoculture” [4]. Yes we can!

Moving on to agency and strategy, the Walby manifesto readily identifies itself as a social-democratic one, reading much like a late offshoot of old New Labor. Social democracy can be social democracy only by downplaying or, even better, denying the structural constraints on politics and policy in a world in which social progress depends on successful accumulation of privately appropriated capital. By disallowing capitalism a life or logic of its own—not to mention a life and logic in structural crisis—,social democracy can construe for itself a basically pliable world in which progressive politics, unlike what the Chairman thought, can be conducted like “a dinner party, or writing an essay, or painting a picture, or doing embroidery [...] so refined, so leisurely and gentle, so temperate, kind, courteous, restrained and magnanimous,” i.e., *without a revolution*. “Reformed social democracy” (Walby) can do whatever needs to be done the nice way, and if necessary all at once: “The consequences of a reformed social democracy might be: increasing the depth of democracy by deepening EU financial and fiscal architecture; the regulation of finance; the creation of a Eurobond infrastructure to stabilize fiscal tensions; the increased capture of taxes by the erosion of secrecy jurisdictions that protect tax havens and through introduction of a

financial transaction tax, thus reducing fiscal tensions; the development of a social investment state that enables the transition of the gender regime to a social democratic public form in order to facilitate full employment among women/carers, which would stimulate economic growth and reduce gender inequality as well as leading to sustainable economic growth and social justice, a low-carbon and full employment future" [179]. Walby is fond of lists like this one, and so the book is full of them (for example, 68, 106, 175, 178).

Who is to act on behalf of "reformed social democracy"? Walby accuses Polanyi of espousing a "self-equilibrating" image of society" [54]. But trade unions are not really featured in her book, workers only rarely, and then not in organized form, never as rebels, and certainly not as primitive ones. As Walby's manifesto remains coy about the agency for which it is written, readers must make one up for themselves. Perhaps it is "us," the enlightened educated middle-class, all people of good will, prepared to follow the Walby voice of reason and confront the neoliberal blockheads for a final battle, or better: a final policy debate? Apart from "us"—the preferred historical subject of contemporary social science reformism—there are two agents in particular in the book on which special hopes are placed, women and the European Union. Women are to be the main beneficiaries of reformed social democracy, and this will be to the benefit of society as a whole: the better women are doing, the better society will be doing. But little if anything is said on how women are to organize to lead society out of its neoliberal doldrums, and which women. Apparently the idea is that society, under the spell of the Walby manifesto, will finally understand that had it been Lehman Sisters rather than Lehman Brothers [7, 57], 2008 would not have happened, because women as investors, capitalist or social, are more prudent and risk-averse. Society would then appoint an equal number of women as men to regulatory and supervisory boards of whatever sort ("workers" and "minorities" are mentioned in passing as further categories to be appointed), thereby completing democracy and putting an end to neoliberalism (59, 67, *passim*). Nonmembers of Walby's party may at this point feel reminded of really existing women like Christine Lagarde at the helm of the IMF, Hillary Rodham Clinton on the board of Walmart's or as a precious guest at Goldman Sachs, Angela Merkel dictating to the Greeks and Margaret Thatcher starting the "Big Bang", not to mention minor figures like Janet Yellen at the Fed, Helle Thorning-Schmidt of Denmark, the two Porsche-family women on the board of Volkswagen, Marissa

Meyers at Yahoo, or the fifty-fifty presence of women in the Renzi “reform” government.

While still pondering the likelihood of “gender” trumping class and class politics, especially in capitalism’s very heart of darkness, finance, the second agent of “reformed social democracy” we are asked to consider is, difficult as it is to believe, the European Union. The book was written before Brexit, by someone who was later to become undoubtedly one of the referendum’s most ardent *Remainers*. Walby’s near-complete factual innocence with respect to the workings of the European Union—for her a dreamland where all problems are resolved as a matter of course, so much so that the mechanics of this need not even be mentioned—can be seen as indicative of the provincialism of the British pro-EU academic-cosmopolitan middle-class. Walby envisages “Eurobonds” to end the financial-cum-fiscal crisis, without giving a thought as to why they do not already exist, not to speak of indicating how one, and who, should get from here to there. She also places her hope on the European Commission ending tax evasion and tax avoidance, under the leadership of Jean-Claude Juncker, for decades the preferred tax adviser of global corporations desiring special treatment. (On the other hand, half the members of his Commission are women.) The European Union as a force against neoliberalism and for democracy, notwithstanding the Greek bank rescue operations, the Fiscal Compact (which the UK, incidentally, was smart enough not to sign) and the six-pack (Walby, undeterred, fantasizes about a “pro-gender equality six-pack for women!”), hard-currency austerity and neoliberal “structural reform” programs wherever you look, administered by characters like Monti, Draghi, Barroso, all former or future Goldman Sachs directors. A supranational liberalization machine if there ever was one, designed to replace national democracy with “global,” i.e., financialized “governance”. Regardless! A true Remainder, as long as things look “cosmopolitan” and “international” enough, never wavers, whatever the literature says or the “losers” among the “peoples of Europe.” Right or wrong, my EU! Walby nowhere provides us with even the tiniest discussion as to how the European Union as it really exists may be turned into the vehicle of social justice, equality, democracy and the like she imagines—and this cannot be otherwise since, from the perspective of “reformed social democracy,” it is that vehicle already.

If you dislike stereotypical, formulaic, repetitive writing, you will have a hard time reading this book. “Gender is a social relationship rather than an essence. Gender has meaning as a social relationship

between genders. Gender relations are a system of social relations, in the sense that they are self-reproducing. The practice of gender reproduces gender relations; and in this way is a system. A gender regime is a pattern of gender relations; and can take different forms. Divergences between models of gender relations arise in the identification of the most important institutions for characterizing the relationships between gendered institutions. These divergences lead to differences in the analysis of gender relations in the crisis" [145]. There are entire pages where at least every sentence, sometimes every line, contains at least one grammatical mutant of "gender" [e.g., 57, 173 ff.], and nothing is said anywhere that is not said two or three times at a minimum elsewhere.

While this may behoove a party manifesto, Walby's book does pretend in places that it is more than that. Chapter 2, entitled "Theorizing Crisis" [14-34], impresses us with references to "complexity science" dealing with "causes not proportionate to their consequences" [18], "tipping points" and "crucial turning points" [27], "negative and positive feedback loops" [28], "multiple and punctuated equilibria," "path dependency" [29] and a lot more. But at the end it comes down to the good-old political can-and-might of social-democratic voluntarism: "Crisis *can* lead to a change in the type of system. It *might* provoke a break in the existing trajectory of development and the creation of a new, path-dependent trajectory of development. The result *might* be a different model of capitalism or gender regime" [34; my italics]. In fact, on the last page, where the book's final sentence claims that, "To understand crisis requires the rethinking of the theory of society," it all boils down to a simple Manichaeian choice between good and evil—to two long lists of future conditions, each free of contradictions, dilemmas or trade-offs, i.e., the very opposite of complexity. One list spells out "the consequences of a reformed social democracy," as cited above at length (from p. 179). The other enumerates "the consequences of intensified neoliberalism," consisting of "another financial crisis; recession and deflation; increased fiscal tensions; further decline in living standards and increase in inequality; the further growth of nationalist and ethno-nationalist movements; the fragmentation of the EU, which would further erode its capacity to regulate markets and justice, increase in violence by individuals, protesters and states; and a democratic crisis" [179]. Who, neoliberal nitwits apart, could possibly want this?

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