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Aleksandar Matković

There is great disorder under the heavens

Interview with Wolfgang Streeck

Wolfgang Streeck is the Director of the Max Planck Institute for Social Research in Cologne and Professor of Sociology at the University of Cologne. More than that, he is well-known for his decades-long work on areas ranging from institutionalism to varieties of capitalism theories to his essays on the end of capitalism, which sparked debates and exchanges across various movements and disciplines. One of these debates was the seminar "Why the Euro Divides Europe?" organized on October 21st 2016 by the Institute for Philosophy and Social Theory in Belgrade in dedication to Streeck's work[1]. Prof. Streeck, who was in attendance, delivered a lecture dedicated to the topic, followed by an intense discussion. What follows is an interview with prof. Streeck done in the wake of the seminar and theoretical engagements which emerged thereof.

Aleksandar Matković: First, several questions regarding your theoretical approach. You have previously worked with Robert Boyer and sometimes touch upon regulationist issues. To what extent do you see the influence of the école *de la régulation* on your work?

Wolfgang Streeck: It was a great encouragement to see how seriously economists of this caliber can take institutions and history. Also, their analysis of Fordism as a historical configuration was eye-opening to me, as it was to many others. The same applies to the seminal idea that there are different institutional spheres in an economy that must be connected in a particular way for the economy to "work".

AM: You have been very critical towards the novel varieties of capitalism theories, emphasizing the need for more research on the 'commonalities' of divergent capitalisms rather than their discrepancies. What do you see as the main limits to these theories?

1 The video footage from the seminar "Why the Euro Divides Europe?" can be found here: https://www.youtube.com/watch?v=haxZRmIrILk.

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WS: Much of the varieties of capitalism work is of an efficiency-theoretical sort: different social and political structures are explained by different but essentially functionally equivalent business strategies developed by profit-seeking firms and instituted by governments and states on their behalf, prospering firms making for prospering economies. To me this is too reductionist and indeed economistic – too close to what used to be the New Institutional Economics coming out of mainstream economic theory (which has now long ceased to be new). My preferred macrosociological-cum-macroeconomic approach is conflict-theoretical or power-theoretical. This directs attention to the class structure of capitalist societies, the underlying logic of which is the same in all of them, although its concrete expression may vary between places. To understand how and why capitalisms differ, this implies, one has to take into account where they are subject to identical forces, or laws, or "logics".

AM: In your article on the end of capitalism, you speak of capitalism as 'dying of an overdose of itself', due to three mutually reinforcing trends – falling growth, overindebtedness and rising inequality (Streeck 2014a: 35). However, concerning the issue of these identical 'logics', my impression is that you speak of capitalism in two senses – one akin to the school of regulation and the institutional approach and one akin to a more Marxist analysis of capitalism as an abstract entity or in its ideal average, so to speak. In the first sense, the contemporary crisis of capitalism appears as an inability to restore or, rather, regulate accumulation to reach levels experienced in Fordism, while in the other it would signify a permanent internal contradiction within capitalism itself, regardless of its current institutional structure. Do you think that institutional regulation still remains a possibility for restoring growth or would you say that the 'overdose' of capitalism implies that it is simply 'beyond repair'?

WS: As implicitly indicated above, unlike perhaps the regulationists I do not believe in equilibrium in a capitalist political economy. The regulationist equilibrium is a little too Cartesian for my taste. To me any possible institutional incorporation of capitalism is beset with internal contradictions, as you rightly suggest, systemic as well as contingent ones. In fact, my main point recently has been that whenever capitalism was in something that looked like an equilibrium, this was not only temporary but was above all produced and sustained by anti-capitalist countervailing forces – a fragile stand-off between the (ultimately self-destructive) logic of capitalist development and the needs of society for some sort of stability, imposed on the capitalist basic structure by politics and political power. Without a counter-movement against capitalism there would be no competition, only monopolies, no good faith and trust, only reckless advantage-seeking, no families, no social security etc., etc.

AM: I would like to delve more on this important point you raise: on the one hand, you often insist on the importance of a counter-movement or forces and entities outside of capitalism that are necessary for its continuous functioning. Yet, there is a Schumpeterian tone to this, or rather "contra-Schumpeterian", one might say: for you, capitalism undermines itself not by producing its own entrepreneurial gravediggers or the like, but by doing the exact opposite, by commodifying those institutions and actors which hold it together. How do you theorize the lack of the resisting subject here – the absence of organized working class, welfare systems, etc. – was their dismantling a precondition or a consequence of neoliberalization? Or perhaps both?

WS: Capitalism is always under pressure to expand, a pressure that is inherent to it. Capitalist expansion means replacement of non-monetized with monetized social relations and transactions – "commodification" – or put otherwise, replacement of traditionalist, subsistence-oriented economic action with "modern" orientations toward maximizing returns on available resources. "Primitive accumulation", that is to say, is not a one-time founding moment but a permanent process, both on the margins of capitalism and in its center, where fighting the human tendency to lapse back into a subsistence orientation is central, a fight that for example takes the form of neoliberal "reforms". Capitalist progress is always through conflict – movement versus countermovement, to use Polanyi's terms. Who wins at a given historical time depends on the structural conditions and the political capacities of relevant actors; the battle never ends as long as there is a capitalist economy and there are human beings. Today capital has the enormous historical advantage that it has learned to organize globally whereas the forces of resistance are disorganized at the global level and exist only locally – which constitutes a devastating strategic weakness. So to me neoliberalism is capitalism taking advantage of "globalization" to dismantle anti-capitalist protections against commodification, including cultural and psychological protections through consumerism and cultural libertarianism – what in *How Will Capitalism End?* I have called coping, hoping, doping, and shopping.

AM: Returning to the question of capitalisms' institutional repair, how do you see your monetary reform proposals in that light?

WS: I have suggested reinserting politics into monetary policy, by enabling countries in Euroland that suffer from a hard currency regime to devalue externally, not just internally. For this we need to restore some monetary sovereignty at the national level. This won't solve all problems of a capitalism that is in secular stagnation everywhere; far from it. But it would give countries a break that are now being sucked dry by German export interests and their own neoliberal elites working together – the latter hoping for the hard currency helping them finally impose "discipline" on their societies, so as to make them conducive to effective capital accumulation.

AM: In the case of the EU, which you describe as an exemplary Consolidation state dedicated to fiscal retrenchment (Streeck 2014b), where do you see the possibility of these monetary reforms you suggest and on basis of what institutional configurations? Do you see any possibility of revitalizing its financial system in its present-day institutional fabric?

WS: It needs a near-revolution, nothing less. Italy is crucial; it must come to the brink of a popular revolt against the euro. France is important in the sense that it must no longer defend the euro to the hilt – a condition that may be fulfilled after the next election. Germany is more important than France; here Merkel's grip on the government is weakening and more and more voters are beginning to realize that the euro forces Germany to choose between being hated by everybody in Euroland and agreeing to permanent transfer payments, far beyond the "mutualization" of extant debt, that even Germany (and in particular its lower-income citizens) cannot afford.

AM: Turning to Germany, how do you see the future of the SPD?

WS: I have no idea. Politics is out of control these days, anything can happen. Before the present (February 2017) Schultz euphoria, nobody expected the SPD to come out above the 25 percent it got in 2013. I still think that ultimately, they will end up with roughly a quarter of the vote, but who knows. In any case, the next parliament will be much more fragmented than the present one. Up to a few months ago, Merkel seemed to aim for a coalition with the Greens; now such a coalition may not have a majority, and also her party may resist it. In this case the good-old SPD will again be invited to help out. Policy-wise it would make not much of a difference anyway.

AM: Since the next elections are scheduled for 2017, do you think there is any chance of a "change of pace" for Germany? And if so, how would it affect the periphery?

WS: As I said politics has become truly unpredictable. Too many things are in the air, and there are few structures left on which to draw for predictions. Nobody knows how the elections in Italy and France will go; what the Brexit negotiations will bring; what changes Trump will impose on NATO; what will happen in Turkey and Syria, in Russia and Ukraine, in Iran and Palestine, in Afghanistan, Iraq and Libya…

AM: Given your 'repolitization' of money theory in the quoted article on the Euro (Streeck 2015), one might wonder whether debates over the role of money can be said to exist or have effect to the same extent on the European periphery. Looking at the ex-Yugoslav states, most of their credit structures are 'euronized', being denominated or indexed in euros and hence made dependent on its fluctuation. Politically, this is leaving little to no room for debate. Given this, do you see any political possibilities of instituting these debates outside of the core countries? Or would you say that they are 'condemned', so to speak, on monetary path-dependency?

WS: Probably they are. The game that is being played here is called capitalism, not universal brotherhood. If there was enough unrest on the periphery, however, of whatever sort, that could be a game-changer. Perhaps you need the Russians to help you get a debt restructuring from Herr Schäuble? But honestly I don't know. Today's governments take the crises as they come. I don't believe anyone in Berlin, Paris or Brussels has any deep thoughts on a future monetary regime for the West Balkans; the problem is simply too terrifyingly complex. They will deal with it as it arises, hoping it won't arise in the next twelve months and can be put off, from year to year. What I don't see is an enlargement of EMU; there are too many member countries that would veto it, regardless of the country or countries applying for membership.

AM: Let me ask the reverse: during our seminar, you mentioned a crisis of *scale* in terms of governing. Brexit was taken as a case in point and Yugoslavia's disintegration as its historical predecessor. It is interesting how often this comparison is made despite its occurrence in different institutional backgrounds and economic systems. Could you expand on this? Is there something the EU can "learn" from previous resolutions (or lack, thereof) to these crises of scale?

WS: I mentioned the former Yugoslavia only to remind people that a break-up of larger into smaller states is not as unusual as is sometimes thought. I could have referred to the Czech Republic and Slovakia for example. To what extent there were also economic motives involved in the falling apart of Yugoslavia, not just historical hatred, I have no way of judging; I assume there were. The general problem is always how a political community can live better, on its own or as part of a larger, perhaps federal whole. As a general proposition, I would venture to say that if you want to impose identical institutions and a common way of life on different resident communities with different traditions and collective experiences, you need a lot of power to suppress resistance – especially if the commonalities you want to enforce or create are those of an expanding market economy with its inherent need to commodify, or "modernize", ever more spheres of social life. This is something that the rhetoric of the "European project" fails to understand – because it denies to itself that it is also a capitalist modernization project. Nationalism and resistance to capitalist modernization are often allies today, especially where the Left has sided with "globalization", "competitiveness" and "structural reforms".

AM: You sometimes mention the declining hegemony of the US and its role as a world reserve currency. How do you see Trump's victory in this sense?

WS: This is an interesting question and one can at this point only speculate on it. It seems that Trump has no interest in a Cold War 2.0 with Russia, previously known as the Soviet Union, this time over Ukraine and LGBTIX rather than over Communism. In fact, he may want to come to a sort of peaceful coexistence with Putin. Why? Because he may need all he has got for an upcoming fight with China. If Trump wants to do something for this blue-collar constituency in the United States, he must probably somehow reduce Chinese access to the U.S. market. This would hurt the Chinese economy. In response, the Chinese may no longer buy, or may even sell, the United States Treasury Bonds they have so dutifully absorbed in recent decades – which for the United States would be a severely unfriendly act. Whatever else it would imply, it would certainly stand in the way of a U.S.-Chinese co-directorate of the global economy, including its money regime. The realistic prospect, here as elsewhere, is anarchy. As the chairman put it: "There is great disorder under the heavens," adding from his perspective that "the situation is excellent." While we can certainly agree with the first part of his observation, whether we want to share the second part as well is a difficult question to answer.

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