

Farewell, neoliberalism: An interview with Wolfgang Streeck

Johannes Lenhard and Rebecca Liu — Dec 14th, 2017



Wolfgang Streeck is emeritus director of the Max Planck Institute for the Study of Societies in Cologne. His latest book, [How Will Capitalism End?](#), explores the crisis of capitalism today, which Yanis Varoufakis has deemed a brilliant exposé of ‘the deeply

illiberal, irrational, anti-humanist tendencies of contemporary capitalism.’ KR editors Johannes Lenhard and Rebecca Liu caught up with the economic sociologist on his thoughts on Corbyn, the EU, and whether there is such thing as a ‘good capitalism’.

KR: In your recent NLR piece you characterise neoliberalism as “Free-trade agreements [...] global governance [...] enabling commodification, and [...] the competition state of a new era of capitalist rationalisation“. Do you see any possibility for capitalism to exist without being neoliberal? Can there be good capitalism?

Wolfgang Streeck: Capitalism wasn’t always neoliberal: there was merchant capitalism, industrial capitalism, old-liberal capitalism, Hilferdingian finance capitalism, state-administered New Deal capitalism, you name them. All of them embodied complex historical compromises between classes, nations, social life and the profit-making imperative... Were they “good”? For some they always were, and there were times, in the heydays of the social-democratic class compromise, when wage-earners, too, could perceive capitalism as fair. It didn’t last. We now face rising insecurity, declining growth rates, growing inequality, exploding indebtedness everywhere – a high-risk world run by a tiny oligarchy, or kleptocracy, who are working hard to de-couple their fate from that of the rest of the societies that they have asset-stripped.

You also seem to imply that neoliberalism is necessarily about the decline of the state in favor of free markets. However, Paul Sagar has argued in a piece for the KR that neoliberalism includes the continuous involvement of the state, albeit not in favour of its citizens, but rather its corporations. This is also an issue raised by Chris Prendergast in his exchange with you, also in KR. Is there such thing as a neoliberalism that occurs not at the detriment to, but in concert with, state power?

I was sometimes sloppy here. Cutting back the state is an eminently political operation, and keeping it cut back requires a lot of state, indeed continuous state intervention. What is cut back

is the democratic-redistributive state of social democracy, not its repressive-liberal complement. Neoliberalism is a political formula that must be imposed on societies with political power. In the 1980s Andrew Gamble wrote a book on Thatcher titled “The Free Economy and the Strong State”. That sums it up. Thatcher’s main ideologue, Hayek, ultra-ultra liberal that he was, found it imperative for his market society that democracy as we know it be rooted out by vigilant, aggressive government.

In your piece in *Inference*, you trace the recent ‘death of the centre left’, a political movement across the West in the 1990s that was marked by its faith in liberalised international markets. How has neoliberalism contributed to the collapse of the ‘centre-left’ in Europe (see your piece in *Inference*)? Is internationalisation – not only of markets but of governance – in for instance the form of the EU part of this demise?

At some point in the 1990s both the center-right and the center-left in Europe had concluded that future prosperity would depend on opening national economies to the world market, combined with “structural reforms” of national institutions to make them more “competitive”, i.e., attractive to free-wheeling international capital, especially finance capital. Internationalism and neoliberalism thus came hand in hand. In Europe there was agreement among governments that the EU should and could be converted from what had in the 1970s become a supranational welfare state-in-waiting, into an engine of coordinated liberalization. Using the EU for this had the advantage that it allowed national governments, left or right, to evade responsibility for the market pressures and institutional revisions they had unleashed on their peoples, by claiming that these had been imposed on them from above and that they were part and parcel of an internationalist “European idea” anyway. Very importantly, European Monetary Union, created in the 1990s under global pressures for fiscal consolidation – to reassure the “financial markets” of the solvency of increasingly indebted states – served as a vehicle for the constitutionalization of balanced budgets in national states, something that would have been much more difficult if not impossible if it would have had to be sold by democratically elected governments to their voters. In that sense, the demise of the center-left parties was self-inflicted: they had

underestimated the capacity and resolve of their peoples ultimately to defend themselves, if need be by turning to new “populist” parties and movements.

On the other end of the political spectrum, you define the problem of the right as crucial. Not only are new radical rightwing parties formed, such as the AfD, they also manage to profit from the death of the left. You describe how members of the former communist party (SED) are now likely to vote radically right. Does ideology really not matter anymore? Are then perhaps the terms left and right not the right references to describe Western political landscapes?

SED membership did not mean much ideologically; we are talking about a communist state party. But it is true, not just in Germany but also elsewhere, especially in France, that a relevant share of left voters have turned to the right. The most important reason, I think, is that they no longer felt represented by their former center-left parties, who had joined the center-right by telling voters that they couldn't help them anymore because of “globalization”, and they now had to fend for themselves: become “flexible”, get “retrained” etc. I believe that in countries where the left manages to produce leaders like Jeremy Corbyn, one can still meaningfully distinguish between left and right. But it is true that proletarian self-defense may also turn right. Moreover, internationalism, anti-nationalism, and “pro-Europeanism” may no longer be left, in the sense of protective of the weakest members of a society; it may have become appropriated by a new middle-class of human capital owners living in “global cities” and tired of being reminded that they should let themselves be taxed to prevent the gap between them and their respective hinterland becoming ever larger.

The death of the centre-left has also led to the rise of the Right. You note in your piece that working class white women overwhelmingly voted for Trump, while Clinton lost votes among African Americans and Latinos compared to Obama's election in 2008. How have so many social groups associated with the Left – the working class, minorities, women – turned away?

That's a difficult question as the "racial" complexities of American politics in particular are endless. Basically I believe that at some point material deprivation trumps (if the word is allowed) cultural identification, especially if the alternative – in this case, Clinton – is so unattractive and indeed untrustworthy. Clinton's hobnobbing with the Californian movie stars and other celebrities, let alone her material greed and the incredible sums she collected for her Wall Street appearances, must at some point have destroyed her claim to defend "hard-working Americans and their families". What was left then was Trump. I think we have reasons to believe that had Bernie Sanders been allowed by the Democratic party machine to win the nomination, he could have defeated Trump handily, certainly in places like Iowa, Wisconsin and Ohio.

You call populist politicians all over the world 'Trumpists': Haider in Austria, Glistrup in Denmark, Johnson in the UK, Wilders in the Netherlands. What do they have in common? What kind of context lends itself to be governed by a Trumpist, or in other words: what kind of a world do we have to avoid in order to prevent Trumpists from coming to power?

There is lots of randomness, of sheer chance in politics – see my Trump-Sanders example. In France, a few more votes for Mélenchon in the first run of this year's presidential election, and the run-off would have been between him and Le Pen, with Mélenchon winning. We must look at the underlying dynamics, more than the chance outcomes. They have to do with the simultaneous demise of the center-left and the center-right in most of the "globalized" political economies of the "West". Other expressions of the same trend include the fragmentation of party systems, growing difficulties in forming coalition governments, high volatility of voting, low rates of voter turnout biasing electoral politics in favor of the middle class (unless there are "populist" newcomers). We will have to see if established parties will learn to accommodate at least some of the concerns addressed by the "populists", for example international competition and migration. Maybe there is such a thing as "responsible nationalism", advocated recently by, of all people, Larry Summers, for long chief mechanic in the engine room of

financialized capitalism – a policy line the old center might be able to adopt, to keep the Trumps out. But, to be honest, there may already be too much accumulated hatred, grown on both sides of the “culture wars” over, of all things, sex and sexuality, for a united left to be able to return and rally around the project of a new “state-managed” democratic capitalism, where the managing state can only be a national state.

After the election of Trump, the Left in America has been dogged by the question of ‘identity politics’ going forward, touching on a long debate within the Left on the relationship between cultural and economic struggle. Mark Lilla has recently come out against the rise of discourses on race and gender within the Left, arguing that it has hampered the success of the Democratic Party. Likewise, in your piece on Inference, you express doubt about the political efficacy of Obama’s push for transgendered restrooms. How are these disparate movements for social recognition placed within a broader anti-capitalist economic struggle?

I would like to know this as much as you. I tend to feel that a capitalist society has a lot of tolerance for individualism and what you may call cultural creativity. Basically these should be easy to accommodate into contemporary consumerism. That people oppose “marriage for all” or ever new individualistic expressions of “gender” or other “lifestyles” clashes less with capitalism than with traditionalism – and in many ways capitalism, always on the lookout for new ways of making profit, is an enemy of traditionalism. Maybe all of this is a matter, not for anti-capitalism but for anti-traditionalism, and not for socialism but for liberalism. Can capitalism coexist with lifestyle liberalism? If you ask me, easily so. In fact “marriage for all” and similar causes are winning everywhere, and often with the strong material support of the so-called “financial community”. Perhaps at some point issues like these will lose the capacity to cover up the fundamental problems of political economy today, including the destruction of the natural environment. Racism, incidentally, I locate in a different corner than sexism as it is much closer to the core of the “order of inequality”.

The Left is Dead, Long Live the Left! After Trump's victory, Slavoj Zizek was condemned for what was interpreted as his celebration of the news, as he argued that Trump's appointment opened up space for a new revitalised Left against the centrist, market-friendly inertia of the Democratic Party's centrist status quo. Is there any hope for the Left in this current state of affairs? What is in it for the future for the Left – are there any paths to victory?

Again, I would like to know. Yes, the Trump victory could teach us that the Clintons of this world are not the ones that will end the rot – they are to the contrary part of it. But what sort of future the Left may or may not have I could only guess. Generally I tend to be pessimistic these days, some of the reasons for which I have outlined in a recent essay, “Whose side are we on? Liberalism and socialism are not the same”, in David Coates, ed., 2017: *Reflections on the Future of the Left*, Newcastle upon Tyne: Agenda Publishing.

You note that ‘internationalism’, with its stress on the globalised economic and social modernity, has been a significant factor in discrediting the tenets of the centre-left. A recent move made by Left populism, however, has been to co-opt the language of a revitalised nationalism. Jeremy Corbyn, for example, has held a long ambivalence with the EU, and in July this year was quoted as saying that wholesale EU immigration has destroyed conditions for British workers. Can there be an ‘internationalism’ that is in line with the Left? Is the only way forward for the Left to look inward to the nation state?

Act local, think global. The only ones that can act globally are the CIA and Goldman Sachs, and only as long as there is no effective local resistance. In the real world, there is no democracy above the nation-state but only big technocracy, big money, and big violence. Revitalizing the nation-state need not be the same as looking inward. Quite to the contrary, if we want to contribute to justice on a global scale, we must first keep our own house in order, or we lose the support of our fellow-citizens. The neoliberals have persuaded not a few people on the Left that international solidarity today means workers in old industrial

countries allowing themselves to be competed out of their jobs by workers in poorer parts of the world. In fact, international solidarity among workers meant and means organizing together to prevent capital from pitting them against one another in “self-regulating”, meaning unregulated, “free” markets.

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