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'Marx's writing more relevant today than ever'

Interview with Wolfgang Streeck, German political economist.

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The German political economist Wolfgang Streeck is one of the world's leading critics of neoliberal capitalism. He received international attention for his essay "How will capitalism end?" written in 2014 for the *New Left Review*. The much-discussed essay was later republished in book form. Meticulously analysing the present trajectory of capitalism, Streeck argued that "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 liberalisation 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."

Streeck cautioned the world that what was to be expected, on the basis of capitalism's recent historical record, was a long and painful period of cumulative decay: of intensifying frictions, of fragility and uncertainty, and of a steady succession of "normal accidents", not necessarily but quite possibly on the scale of the global breakdown of the 1930s.

Streeck had earlier believed that a centralist social-democratic position was a solution to the capital-labour antagonism. This would have been a solution within the capitalist system itself, but neoliberal capitalism again brought about that basic antagonism between capital and labour. Streeck has since emerged as one of the leading critics of the system. Adopting the slogan of delinking, he says that "it is essential that control is returned to local political communities as much as at all possible. That means ending the dictatorship of international organisations like the World Bank or multinational corporations over local economic development. Only then there can be democracy, i.e., participation in collective decision-making by the broad majority of working people, and only then we will see the experiments, social and economic, that can grow into an alternative to capitalism." Streeck's notable books include *Buying Time: The Delayed Crisis of Democratic Capitalism*, *Social Institutions and Economic Performance* and *Re-Forming Capitalism*.

In the following excerpted interview, Streeck talks about how capitalism will end, capitalism and future of humanity, the growth of resistance movements, the limitations of social democracy, the relevance of Marxism, the message of Brexit, capitalism and popular reactions, challenges and prospects before the European Left, the refugee crisis, globalisation and delinking, neoliberalism and the state, and the growth of worldwide inequality.

In "How will capitalism end?", your 2014 article for "New Left Review", you gave a theoretical farewell to capitalism. You identified five disorders to the system, namely, declining growth, oligarchy, starvation of public sphere, corruption and international anarchy that would bring about the end of capitalism. Are you saying that such an end is impending or immediate before us?

I am not saying that. I am saying that those five trends will continue as there is nothing to be seen that can stop them. I am also saying that there is no new

society waiting in the wings of history, which will only have to be instituted by the forces of capitalist opposition. Instead, I am expecting a long period of high uncertainty and disorder—an interregnum in which the old order has died while a new order cannot yet be born. Very strange things can happen in such a time, as Antonio Gramsci pointed out in a famous passage of his *The Prison Notebooks*.

You argue that capitalism will continue to regress and atrophy until at some point it might end. You also add that we do not need to confront capitalism but let its “natural” end come about. Will capitalism end in such a peaceful manner or will it endanger humanity? People such as John Bellamy Foster speak of either socialism or exterminism as the choice before humanity.

The interregnum will be an extremely dangerous period. It is not that we don't need to confront capitalism. I said we don't have the collective capacity to do away with it. I wish we did. But capitalism is now a global regime while anti-capitalist politics is inevitably local. That makes it possible to throw sand into the wheels of capitalist development but, I am afraid, not to end it.

You have written that every effort to confront or combat capitalism resulted in the strengthening of capitalism in one way or another. What about the growing resistance and struggles in different parts of the world against capitalist economic policies? What about human will and agency?

It is true that the opposition to capitalism enabled it to survive, at least in the core countries where counter movements temporarily reconciled the working class with capitalism and provided for sufficient aggregate demand, enabling capitalism to grow and remain profitable. We have to build opposition to the capitalist system—but it will, for the time being, be possible only at the local level. We must encourage all sorts of local experimentation with non-capitalist forms of human life and political economy.

You earlier believed that a centralist liberal or social-democratic position is a solution to the capital-labour antagonism. In a sense, it is a belief that we have a solution within the capitalist system itself. But neoliberal capitalism again brought about that basic antagonism between capital and labour. And you emerged as one of the leading critiques of the system. What is wrong with the liberal or social-democratic political position?

Social democracy was an answer to the dynamics of capitalism as long as capitalism was contained in national political economies, or could be fought as though it was. This is now over. The past three or four decades have shown that free trade and the deregulation of markets, as adopted by the centre-Left parties of the West, tear our societies apart and immobilise the government as an agent of economic redistribution. Today the working class is effectively international without being able to become organised at this level, and capital is so internationalised that it can no longer be forced into national class compromises.

Relevance of Marxism

Your thesis predicts the end of capitalism. This is in conformation with the hypothesis and analysis of that great 19th-century thinker of your country, Karl Marx. The course of contemporary developments and critical studies prove Marx right to a great extent. How relevant is Marx today?

Marx's writing is more relevant today than it ever was. One must read him right, though. Marx expected to see capitalism end during his lifetime. For this reason, he did not spend much time on what might delay the end and what the world might be like in between. We must do that thinking instead of him, with the tools he provided and as we need to, update them. Marx draws our attention to the fact that capitalism is a historical phenomenon, that is, one that has a beginning, and following from this, an end. He expected that end to come about as a result of what he called the tendency of the rate of profit to fall. But now we are 150 years after *Capital* Vol. I appeared, and that tendency has not yet done its work.

The European Union (E.U.) has been projected as a zone of democracy, integration, cooperation and transnationalism. But Brexit was a big blow to these claims. There are stories of the possibilities of similar exits. What does the exit of the U.K. symbolise? What is the post-Brexit picture of the E.U.?

To begin with your last question, nobody knows this at this point. The crisis of European integration has the same reasons as the increasing authoritarianism in large political units such as China, India, Russia and the United States: large political entities are difficult to keep together or to build in the first place, due to increasing inequality between classes and regions which, in turn, are produced by global markets penetrating national political economies and

making them ungovernable (especially as long as they are democracies). See also the segregationist, or secessionist, tendencies in countries such as Britain and Spain, which have the same cause. People lose confidence in large superstates and demand more local self-determination, either through decentralisation within large states or through breaking away from them. Merging extant states into newly created superstates, which is what European integration is aiming at, runs counter to what people today want.

A Bloomberg analysis of decades of election results across 22 European countries reveals that support for populist radical-Right parties is higher than it has been at any time over the past 30 years. What kind of social dynamics in the neoliberal era results in such a support for these neofascist forces? What would be the effect for Europe which experienced the horrors of "the night of the long knives"?

Not all "populist" movements are rightist; some come from the Left. Moreover, only on the margins of European political systems do we at this time see truly fascist movements—by which I mean parties led by one charismatic would-be dictator commanding a paramilitary private army-plus-police. We have not, till date, seen a return of the nightmares of the interwar years. What we are seeing is a deep loss of legitimacy on the part of the established political party system and an attempt by very different social forces to benefit from this loss and build up support for right-wing or left-wing alternatives to neoliberal politics as usual.

Along with the right, a populist Left is also increasingly gaining influence in several European countries. In the U.K. election, Jeremy Corbyn attracted significant political support for his strong stand against neoliberalism, austerity measures and so on. We saw it earlier in countries such as Greece. What does this signify? Is it a resurgence of the Left? What are the challenges and prospects before the European Left?

Be careful here. The Greek Left was thoroughly defeated by the united European governments, including the "socialist" government of France and the "social-democratic" government of Italy, not to mention Germany. Now the Greek governing party, Syriza, is playing the game of Brussels and Berlin.

Whether Jeremy Corbyn can make it to Downing Street remains to be seen; I very much hope so, and I hope that he will be able to accomplish more than Francois Hollande, who also was a great hope of the Left when he was elected. In any case, building a new European Left will require new parties, or older

parties thoroughly revolutionised from below, that function very differently from the past. Above all, these parties must rebuild their connections to their national working classes; listen better to their problems instead of those of the new middle class. This includes more and better management of trade and a regulation of immigration that is compatible with the interests of workers, in particular those with low wages and a need for a functioning welfare state.

Europe's 'refugee crisis'

The migration of hapless human beings from the war-ravaged West Asia and African countries, or what is called "the refugee crisis" of Europe in the past three-four years, has gained significant global media attention. According to reports, as many as one million people have migrated to different countries of Europe. How does this inflow affect the European political landscape? Could you also comment about the return of Islamophobia, neo-fascism, racism and so on?

Over the years, it has grown to much more than 1 million. (Germany alone took in 1 million refugees in 2015.) What we are talking about here is unregulated immigration. Whatever else it does, it creates a huge low-wage labour supply in rich countries, with very little social and legal protection for employment in the restaurant industry, at Amazon distribution centres, as delivery men and women and so on. It also results in conflicts over housing, schools and education, even religious holidays and so on. The picture is mixed.

In rare instances, German bullies attack refugee centres; at the same time, there is a broad movement among Germans to help immigrants find their way into language training, schooling, social welfare benefits and the like. Among the very large number of Turkish immigrants in Germany, for example, roughly half live a quiet and productive life, while others are still largely outside of German society; yet others support enthusiastically the Turkish dictator [Recep Tayyip] Erdogan and demand that he be allowed to hold election rallies in Germany for German Turks or Turkish Germans. The political climate is heating up while the E.U. and its member states are working hard to bring immigration under control. European countries need immigration for demographic reasons but open borders are politically and economically unsustainable, and they are especially problematic for low-income people.

You have analysed and explained how neoliberal capitalism brings misery to the bulk of the population. Marxist thinkers such as Samir

Amin and Prabhat Patnaik suggest a delinking from globalisation of countries, especially in the South. What do you think of it?

To me it is essential that control is returned to local political communities as much as possible. That means ending the dictatorship of international organisations like the World Bank or of multinational corporations over local economic development. Only then can there be democracy, that is, participation in collective decision-making by the broad majority of working people, and only then will we see the experiments, social and economic, that can grow into an alternative to capitalism.

Building cooperatives, of producers and consumers, financed by local development banks is one way; another would be investing in basic education and essential health care services, independent of the sales efforts of large multinational firms; yet another would be protecting local subsistence agriculture from the export pressures of the E.U. and agribusiness. People must first stand on their own feet in order to get on the march into a better future.

In contemporary debates, there is an argument that in the period of neoliberal globalisation, the state "withdraws" from welfare measures. You have coined the term "debt-state" to describe the economic character of the state in the neoliberal age. Could you elaborate? How does the state function under neoliberalism in terms of economic activities?

On the one hand, the state is supposed to let competitive markets run their course. For this, it must open the national economies to the world market and withdraw from intervention in the national economy. It must also, as much as possible, open up the national political economy to privatisation to allow for a maximum of "private initiative". But this does not mean that the state must be weak. On the contrary, it is expected to protect the "free play of market forces" from popular resistance, sometimes with a considerable use of force. So a "free economy" needs a strong state, one that keeps the market immune to democratic-electoral pressures from below. Neoliberal democracy is possible after democracy has been severed from the economy. This is what I call the "consolidation state".

Thomas Piketty, in his book "Capital in the 21st Century", has shown how income and wealth inequality grows substantially across different countries in the world. He also proposes serious measures to curb this

growing inequality. Universal or progressive wealth tax is his main suggestion. What is the significance of Piketty's findings? Do you think that the proposal of universal wealth tax could be worked out under neoliberal capitalism?

Piketty's great merit is that he has demonstrated the extent of the capitalist tendency toward high and rising inequality by collecting an almost unbelievable richness of empirical data, deeper back in history and on more countries than anyone else, all pointing in the same direction. On the rest, no, I see no chance at all for universal wealth tax, for technical as well as political reasons.

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