"Order is an exception, not the rule"

An interview with Wolfgang Streeck

WOLFGANG STREECK ET AGNÈS LABROUSSE

Texte intégral

1. The intellectual trajectory of a socio-economist

Régulation Review: What kind of topics and scholars exerted the heaviest influence on you in your formative years both in Germany (Frankfurt) and the US (New York Columbia University)?

Wolfgang Streeck: I cannot claim that my intellectual development was straightforward. Also, I always was an intellectual omnivore, and I was and remained for a long time unable to make up my mind on whether I was more interested in social science or in the practice of politics. In Frankfurt it took me a while to find my first set of topics, which was political organizations, interest associations, in particular trade unions, and industrial sociology, especially the study of worker participation and co-determination. Apart from this, I read social theory, in particular Marx, Weber and Parsons, and attended classes taught by Adorno, Habermas, Offe and others. I also spent a lot of time, with hindsight perhaps too much time, in radical politics, at least as much in the Social-Democratic Party and in IG Metall as on campus.

RR: You worked many years at the University of Wisconsin-Madison at the Industrial Relations Research Institute (IRRI), where original institutional economists like Richard T. Ely and John R. Commons worked and one of the academic support bases of the New Deal reformism in the 1940s and 1950s. Was their work inspirational for you?

Wolfgang Streeck: Not as much as I might want with hindsight. At Wisconsin I had a shared appointment in sociology and industrial relations. I enjoyed teaching sociological theory and developing, with others, a program in economic sociology. I also taught classes on comparative industrial relations, which made me interested in historical institutionalism and the study of institutional change. To truly understand Ely and Commons one would have had to know more about American history, especially the history of the American labor movement and the New Deal. I regret not having got more deeply into this.

RR: Let’s dig deeper in the history of social sciences: To unveil the specific dynamism and the crisis-prone restlessness of the capitalist political economy, you share a perspective with the Marxist tradition, but also with the Historical School. Have the work of early German institutionalists like Schmoller, Sombart or Weber influenced your own work? If so in which way?

Wolfgang Streeck: Certainly Weber; I wrote my Diplom thesis on a specific aspect of Weber’s work, at the intersection between organization, social movements, and politics. This had connected me to the broader early literature on trade unions and political parties, with someone like Lukács looming large. Later, when I was already at Wisconsin, I discovered Polanyi and the “historical” Marx, in particular the Marx of the “working day” and of “primitive accumulation”. From there it seemed imperative to take on board the German Historical School, but also Schumpeter. All of this came relatively late, due to a peculiar “habit” of mine, which is that I can appropriate theory only with a concrete empirical problem before my eyes, or confronting a puzzling image of the real world. I am hungry for facts, not for concepts; concepts I access through facts and through the questions they raise, including the need to organize them into a coherent picture.
2. Taking capitalism seriously: Variety of capitalisms and the dynamics of capitalism

RR: Back to contemporary political economy, you cooperated on many occasions with Robert Boyer. When have you first heard of the Régulation school? Is it through geographical lenses, geography being the main entry of the régulation approach in Germany? What are the main commonalities and differences between your perspective and the Régulation theory?

Wolfgang Streeck: In my case it was personal – I observed Robert Boyer at a conference in Berlin as he explained something, I have forgotten what it was, to a large audience, and I was terribly impressed. A short time later I met him at a workshop in Berkeley and we had our first discussion, on a theme that I implicitly still discuss with him. On the surface, it was about whether a condition that by this time had already lasted one-and-a-half decades – “the crisis of Fordism” – could still be called a crisis, or whether it had to be considered a new normal, even though it was far from a coherent “growth model”. The more general issue here is the extent to which one can expect social systems basically to be in equilibrium, or return to equilibrium after a crisis. One can also say: the extent to which there is a logic of capital accumulation that will force capitalism to return to a coherent growth pattern, or invent and move into a new such pattern. In my world there is more chaos and less order; order is an exception, not the rule, and needs to be instituted by politics, which presupposes political capacities that may refuse to come into being. My worldview is Weberian, not Cartesian (and in this respect not Marxian either). Of course I learned from Régulation, or was confirmed by it in my developing conviction, that different institutions make for different economies and economics and vice versa, and that politics and distributional conflict between classes are absolutely central to political economy.

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“beneficial constraint” on capital. I was convinced early on that if that balance was to shift, let’s say as a result of increasing international mobility of capital, the game would change. This premise was not shared by what soon became the VoC mainstream; there the idea was that there were two alternative equilibria in capitalism, one resulting in a “liberal market economy” and the other, in a “coordinated market economy”, both driven by rational interests of capitalist firms in profitability (“firm-centered approach”). I always believed that capital had to be made captive – forced for its own good – for nonliberal capitalism to be possible. This is why I began sharply to criticize the functionalist, economistic, rational choice version of VoC, to bring back the political and politicized variant.

RR: You are one of the leading theoreticians of the Rhinish brand of capitalism and coined the notion of “diversified quality production”: “an institutionalized high-wage economy combining high competitiveness in world markets with strong social cohesion and, in particular, low levels of inequality along a variety of dimensions. This combination is explained by a unique set of socio-economic institutions, in particular socially instituted and circumscribed markets, negotiated firms commanding long-term attachment of both labor and capital, a facilitating state relying mainly on indirect means of intervention, widespread associational self-governance by organized groups in civil society, and institutionalized cultural patterns that promote long-term commitments and continuity". In 1995, you asked provocatively “German Capitalism: Does it exist? Will it survive? Two decades later, does the German model still exist?” Which structural characteristics have significantly changed?

Wolfgang Streeck: The three main things I have learned from the debate on national “models” of capitalism are: (1) that they are not and cannot be constructed for economic purposes; (2) that their “performance” depends on their matching external circumstances that they cannot control; (3) and that they keep changing, for both exogenous and endogenous reasons. What we saw in the 1980s were snapshots, temporary historical-institutional configurations, internally less closely coupled than we thought, much more improvised than constructivist theories suggested, and evolving along non-random, identifiable lines but unpredictably and intelligible only with hindsight. The article you quote ended with an expression of skepticism: yes, the “model” existed, but no, it probably could not survive. It was at this point of my intellectual career that I became seriously interested in the study of institutional change, critical junctures, crises, evolution etc. I concluded that our main mistake had been to analyze a given “system” in terms of the functional complementarity of its parts and their “fit” with each other and a given task environment – where we should have looked at its longer-term history and gradual development, discernible only over the longue durée. How the “German model” had developed in this respect I analyzed in my book of 2009, Re-Forming Capitalism – note the hyphen between “Re” and “Forming”: a slow but all-round process of liberalization which preserved some features of the 1980s “model” and abandoned others. The details require an entire article. In a very crude way, one could say: a socioeconomic formation that combined high manufacturing performance with relatively high social egalitarianism has given way to a configuration that combines high manufacturing performance in a shrinking manufacturing sector with rapidly increasing inequality.
RR: Your current work is much more focused on the general dynamics of capitalism. In your acclaimed book *Buying Time: The Delayed Crisis of Democratic Capitalism*, you trace the transformation of the tax state into a debt state, and from there into the consolidation state of today. Doing this, you oppose the *Staatsvolk* (the citizens, the people) to the *Marktvolk* (those of the markets) and you show that governments became more accountable to the market than to the people. Hence, markets became increasingly immune to the demand of the citizens. You develop an impressive macro-sociological view on the influence of “those from the markets” and the way it undermines democratic capitalism. In this broad perspective, you don’t detail the sociological composition of the *Marktvolk*. Who are they? What are the social groups and subgroups that fall into this category?

Wolfgang Streeck: That question is often asked, and behind it is mostly the issue of pension funds etc. which, it is suggested, connect ordinary people to the capital market and make them part of the *Marktvolk* as well. There is of course to this, but it needs to be heavily qualified. For example, private pensions or returns on invested capital typically make up only a small share of the income of most people, so they mostly and overwhelmingly remain dependent on their wages and on public provision. Moreover, as Thomas Piketty has rightly pointed out, returns on capital are the higher the more capital you have. Today, in the zero-interest rate environment, it is the small investors who suffer most while the oligarchs are doing fine thank you. The more important members of the *Marktvolk* today are large global corporations and their leading managers, who have very effective and at the same time highly impenetrable (for outsiders) methods of making money even if interest rates are low. Incidentally, we know very little about the superrich and what they do all day, when they don’t happen to be buying letter boxes in Panama or Luxembourg, or passports of low-tax or no-tax countries. It is my impression, and indeed a veritable nightmare, that today’s oligarchs have made themselves and their families independent from the fate of the societies out of which they extract their wealth, so they don’t care anymore what happens to what used to be their countries.

RR: European citizens face now the topical issue of the TTIP negotiations. The Guardian noted the criticism of TTIP’s “undemocratic nature of the closed-door talks”, “influence of powerful lobbyists”, and TTIP’s potential ability to “undermine the democratic authority of local government”. Don’t you think that these statements fit perfectly with your 2013 analysis, especially if we have a closer look on the Investor-state dispute settlement (ISDS) leading to an arbitration tribunal?

Wolfgang Streeck: They fit, and perfectly so. In fact what TTIP and similar arrangements are about is replacing public-political and at least potentially democratic institutions with private-commercial-contractual ones, or one could also say: replacing sovereign authority with liberal markets, or state power with market power. After all that is what liberalization is all about.
3. Political economy from a sociological viewpoint: Reconciling structure, agency and contingency

RR: Together with other scholars like Boyer and Amable, you worked on the concept of institutional complementarity. Could you exemplify this concept and show how it is linked with contingency and with sectoral internal dynamics, their self-organization (their *Eigendynamik*)?

Wolfgang Streeck: I wish I could. What you outline is the fundamental question a modern, up-to-date theory of capitalist development has to address. I have already mentioned some of the points that are relevant here: complementarity as politically constructed, often ex post out of inherited institutional material that history has saddled us with, with less tight coupling than provided for in functionalist-rationalist theories, permanently under pressure from both external contingent events and the internal “restlessness” of actors and institutions constrained to continue the accumulation of capital capable of producing more capital, all of this following an inherent logic but in the horizon of an open future. In a very general way, such a theory would be a successor to Marxist historical materialism, without Marxist determinism (to the extent it exists) and with proper consideration given to politics and the stickiness of institutions.

RR: Could you tell us more on your work with Kathleen Thelen (2005) on institutional change, especially on transformation without disruption?

Wolfgang Streeck: That work came out of our dissatisfaction with then predominant theories of institutions that knew little to nothing between static stability on the one hand and dynamic disruption, breakdown, collapse on the other. We suspected that there was much more change going on than this provided for. In particular, we suspected that what seemed and was treated theoretically as long periods of stasis between infrequent short moments of disruption were in fact also periods of change, gradual and incremental and hard to detect, but nevertheless sometimes transformative and even revolutionary. What we did was suggest a catalogue of modes of gradual institutional transformation stretched out over longer periods of time, some being elite strategies of intended change outfoxing resistance, others developing “from below”, in an unplanned and ongoing way – the assumption being that for very basic reason there can be no one-to-one reproduction of social arrangements generally. Panta rei... We were stunned by the broad reception of this work, which to us indicated how much historical institutionalists had been waiting for a more sophisticated theoretical toolkit beyond the simple dichotomy between institutional reproduction and disruption. I personally went from there to explore the nature of the underlying forces that make institutions categorically unstable, in particular the institutions of modern societies (true to the principle that social theories should always come with indices of time and space). Ultimately I recognized that what I was looking for was a theory of capitalist development – motivated by the fact that the empirical cases of gradual institutional change in contemporary political economies that Thelen and I had dealt with were all
4. On political economy and economics in Germany, USA and beyond

RR: In France, where various heterodoxies had a strong foothold till the 1990s, neoclassical domination in academic institutions has never been so harsh. How would you describe the state and hotbeds of political economy within economics and outside economics (sociology, political science etc.) in Germany and beyond?

Wolfgang Streeck: Economics in Germany is under firm orthodox control. Mainstream German political science is still where American political science was ten years ago: quantification über alles. But the study of political economy, and of comparative政治 economy in particular, is making progress – although the U.S. today and Britain are much ahead in this respect. German sociology is too heterogeneous to generalize. The influence of the Luhmannians is waning, which is good. But what takes its place is overwhelmingly empiricist, using individual-level data, and more or less consciously committed to rational choice, often simply for lack of theoretical education. On the Left, Habermas’ turn to idealistic normativism in the 1980s still prevents the urgently necessary rehabilitation of historical-materialist approaches. There is a growing interest in economic sociology, but it remains to be seen if this can serve as a vehicle for a revival of political economy and the rediscovery of a sociology conceiving of itself as an evolutionary theory of modern society that integrated politics and the economy.

RR: From 1999-2000, you were president of SASE, the Society for the Advancement of Socio-Economics and served as chief editor of Socio-Economic Review, SASE’s journal. Last but not least, you were the director of the Max Planck Institut für Gesellschaftsforschung in Cologne during many years. What are the main means and instruments to give socio-economics and political economy a stronger academic foothold inside economics, in sociology etc.?

Wolfgang Streeck: In my experience, building international networks, not least around sympathetic journals, is crucial. I spent much of my time doing this, and with hindsight it was worthwhile, although it did sometimes stand in the way of deeper immersion in my own research. Equally importantly, we have to be rigorous in selecting and training our students. In order for our kind of work to get the recognition it deserves, we simply need the best we can get, quality being more important than quantity. Our students have to do double or multiple duty: they need to understand where we are in the history of the social sciences, how to use data to build theories, and what theories deserve being built. They must read history in addition to theory, and indeed the history of social theory. We must teach them to be happy outside of what is now the mainstream, and work hard to change that mainstream in our direction. They must be eager to understand the politics of modern society and their place in it. At the same time, we must help them find a paid position in the academy so
they can buy their meals and raise their families. It’s a long-term program but I can say from my own experience that it can work, and has been working for some time, slowly and gradually but increasingly perceptibly.

**RR: How do you see the development of behavioral economics within the economic mainstream? Why is it antagonistic to a historically grounded approach of the economy?**

Wolfgang Streeck: Behavioral economics means laboratory experiments designed to test assumed general, ahistorical, essentially biologically anchored human dispositions to act. Behind it is a stimulus-response model of action that is so general that it can be discovered by testing no more than twenty or thirty graduate students who are paid 20 euros for their participation. To me this kind of research may fit other animals but it certainly does not fit humans – who are, according to Darwin (!), moral animals that can and must distinguish between good and bad, right and wrong. At the human level, differences matter. Also, I detest the biologistic rehabilitation of rational choice that is behind most of behavioral economics: people are “shown” to act “non-rationally”, which for behavioral economists is the same as “altruistically”, but it is assumed that this is genetically programmed, which means that it must functional for the survival of the species and the selection of the fittest, and therefore is rational after all. This is so primitive that one need not comment about it. What matters at the level of human action, of human society and of human history is precisely the vastly different ways in which our common biological endowment, whatever it may be and highly plastic as it is, is shaped and expressed in different historical cultures and social contexts. Nelson Mandela and Heinrich Himmler both were humans and had the same genetic endowment; but this is obviously much less important than what they and their environment made out of it and what their social context enabled, allowed and encouraged them to do or failed to prevent them from doing.

**RR: In your work, and especially in Buying Time you use a lot of stylized facts in a very telling and effective way. Against the backdrop of the current explosion of sophisticated techniques for data treatments, would you say that simple but highly relevant descriptive statistics can in some circumstances prove more crucial than technical sophistication?**

Wolfgang Streeck: I wouldn’t exactly speak of “stylized facts”. In the book I work mostly with historical trajectories that are not stylized but historically real. Moreover, I essentially talk about the global OECD capitalist system as a whole, not necessarily about differences between individual countries. My “research design”, if you will, is diachronic with mostly a sample of N=1. This does not easily lend itself to analytical statistics. As to the different “variables” involved, my concern is with syndromes, or configurations, rather than “cause” and “effect”, and with the succession of such configurations over time. Here a historical account interpreted in a systematically informed perspective – e.g., the crisis sequence since the 1970s interpreted in the context of what we know about the handling of distributional conflict in modern democracies – seems the right approach to me. Generally I believe we cannot avoid committing ourselves to historical narratives, including those painted with a broad brush, if only to have something into which to fit the smaller stories that may need to be analyzed with, as you put it, technical sophistication. I also think, incidentally, that our methods have become much more sophisticated than our data can ever be, and that the enormous measurement problems we have with respect to the properties of whole societies and economies, especially over time, are such that...
5. Fortune and misfortune of the social scientist as adviser to the Prince

RR: More broadly, in historical institutionalism in general, there is a keen attention to processes, a commitment to empirically grounded, deep case-based research, with a longstanding emphasis on the temporal dimension to the study of political economy. What are the main methodological tools that, according to you, can enable the researcher to identify empirically regimes’ change and stasis, or an accumulation of small but significant changes?

Wolfgang Streeck: There is, as I said, no way around telling a good story, like a good historian but with the ambition of uncovering a “logic” underlying what you believe you are seeing, whatever it may be. In some ways this is similar to how an evolutionary biologist would tell the natural history of a habitat or of a species: you assemble all the facts you can find, bring to bear on them what you have learned from similar cases, help yourself from the toolkit of “ideal types” assembled during the history of your discipline, apply the general principles you believe are pertinent, and then do what scientists do: identify a pattern that gives meaning to what you see at the surface. Pattern recognition is a matter of intelligence, intuition, and experience. Can you ever be sure the pattern you find is really there and is the “relevant” one? Never. But if and when you are sufficiently confident that what you have found can stand, at least for a while, you can release it for others to inspect it and wait what they have to say and, more importantly, if it helps them get ahead in their efforts. Scientific progress is a collective product, not an individual one, and it depends on people taking a risk with their work treating it as an investment in their own reputation and in collective cognitive progress at the same time. Science has an entrepreneurial element to it: I throw something into the open and hope that it will make a splash. If not, try again. Intuition, responsible and enlightened guesswork, well-nuanced verbal interpretation, and not least personal risk-taking are at the heart of the scientific enterprise; tacit skills and experience and “character” top methodological sophistication – social science is a human activity, not a truth-producing machine.
Wolfgang Streeck: A small correction: Joel and I worked for the Dunlop Commission but we were not members. As you say, I have long been a Social Democrat, in the sense that I believed in (or hoped for) institutional reforms making a capitalist political economy more equitable, improving the lives of ordinary people. With hindsight it is clear that we lost most or all of our battles, and probably this could under the circumstances not have been otherwise. The Dunlop episode ended after two years when in the midterm elections of 2004 the Republicans took over both Houses of Congress and Clinton made a 180-degree turn into the neoliberal wind. It was a question of power, perhaps of the direction of history and of capitalist development at the time, not of ideas.

RR: There were some critics in Germany about your involvement in the late 1990’s in the “Bündnis für Arbeit” (Alliance for work), leading allegedly to Schroeder’s neoliberal “Agenda 2010”. Is there a shred of truth in that allegation?

Wolfgang Streeck: The Bündnis did not produce the Agenda, far from it. It was organized immediately after the election of the Red-Green government in December 1998, in response to union demands for a negotiated approach to fixing the German labor market and welfare state. At the time both had become simply unsustainable. We had about ten percent unemployment, twenty in East Germany, and thirty among the low-skilled, with things getting worse. That I was invited to organize a tripartite reform committee was due to the unions wanting this. At the time we believed that equitable, egalitarian institutional change was still feasible. A year-and-half later all our proposals had fallen through, for all sorts of reasons, and the committee was sidelined. The details are complex and I cannot recount them here. The “Agenda 2010” was announced almost three years later, after the federal election of 2002, in the spring of 2003. It had nothing to do with what we had suggested. I read about it in the press like everybody else, and it was passed against union resistance, which was exactly what I had seen coming and what we had tried to prevent.

RR: The Frankfurter Allgemeine Zeitung called this episode “seduction by the political power” (Verführung von der politischen Macht). Is a reasonable relationship to policy makers possible? If not, does this situation reveal a structural problem or is it related to the current neoliberal state where politicians have to answer the markets and ignore ‘market-unfriendly’ social sciences?

Wolfgang Streeck: Fundamentally I believe that a social scientist or economist who is asked by the elected government of his or her country to help with the making of policy should not on principle refuse. If what is expected appears ethically and politically supportable one may even have a duty not to say no. Of course, if emerging results turn out to be incompatible with your convictions you must step back or let yourself be fired. Power is of course always seductive for someone who is, or was, a homo politicus; but one should give in to the seduction only if there is a real possibility to get something worthwhile done. Today of course nobody would ask someone like me to get involved, for the very reasons you mention.

RR: Have you got anything that you would like to add, perhaps in terms of a summary statement?

Wolfgang Streeck: I am impressed with the precision of your questions.

A huge thank you for participating in this interview!
Notes


2 Id.


6 Rainer Hank: Ein vernünftiger Linker, in Frankfurter Allgemeine Sonntagszeitung, 26 Oktober 2014, Nr. 43, S. 30.

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