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This Maverick Thinker Is the Karl Marx of Our Time

Guest Essay by Christopher Caldwell, Nov. 28, 2024

Who could have seen Donald Trump's resounding victory coming? Ask the question of an American intellectual these days and you may meet with embittered silence. Ask a European intellectual and you will likely hear the name of Wolfgang Streeck, a German sociologist and theorist of capitalism.

In recent decades, Mr. Streeck has described the complaints of populist movements with unequaled power. That is because he has a convincing theory of what has gone wrong in the complex gearworks of American-driven globalization, and he has been able to lay it out with clarity. Mr. Streeck may be best known for his essays in New Left Review, including a dazzling series on the cascade of financial crises that followed the crash of 2008. He resembles Karl Marx in his conviction that capitalism has certain internal contradictions that make it unsustainable — the more so in its present "neoliberal" form. His latest book, "Taking Back Control? States and State Systems After Globalism," published this month, asks whether the global economy as it is now set up is compatible with democracy. He has his doubts.

Understand Mr. Streeck and you will understand a lot about the left-wing movements that share his worldview — Syriza in Greece, Podemos in Spain and the new Sahra Wagenknecht Alliance in Germany. But you will also understand Viktor Orban, Brexit and Mr. Trump.

Mr. Streeck (whose name rhymes with "cake") argues that today's contradictions of capitalism have been building for half a century. Between the end of World War II and the 1970s, he reminds us, working classes in Western countries won robust incomes and extensive protections. Profit margins suffered, of course, but that was in the nature of what Mr. Streeck calls the "postwar settlement." What economies lost in dynamism, they gained in social stability.

But starting in the 1970s, things began to change. Sometime after the Arab oil embargo of 1973, investors got nervous. The economy began to stall. This placed politicians in a bind. Workers had the votes to demand more services. But that required making demands on business, and business was having none of it. States finessed the matter by permitting the money supply to expand. For a brief while, this maneuver allowed them to offer more to workers without demanding more of bosses. Essentially, governments had begun borrowing from the next generation.

That was the Rubicon, Mr. Streeck believes: "the first time after the postwar growth period that states took to introducing not-yet-existing future resources into the conflict between labor and capital." They never broke the habit.

Very quickly their policies sparked inflation. Investors balked again. It took a painful tightening of money to stabilize prices. Ronald Reagan's supply-side regime eased the pain a bit, but only by running record government deficits. Bill Clinton was able to eliminate these, but only by deregulating private banking and borrowing, Mr. Streeck shows. In other words, the dangerous debt exposure was shifted out of the Treasury and into the bank accounts of middle-class and working-class households. This led, eventually, to the financial crisis of 2008.

As Mr. Streeck sees it, a series of (mostly American) attempts to calm the economy after the '70s produced the system we now call neoliberalism. "Neoliberalism," he argues, "was, above all, a political-economic project to end the inflation state and free capital from its imprisonment in the postwar settlement." This project has never really been reconsidered, even as one administration's fix turns into the next generation's crisis.

At each stage of neoliberalism's evolution, Mr. Streeck stresses, key decisions have been made by technocrats, experts and other actors relatively insulated from democratic accountability. When the crash came in 2008, central bankers stepped in to take over the economy, devising quantitative easing and other novel methods of generating liquidity. During the Covid emergency of 2020 and 2021, Western countries turned into full-blown expertocracies, bypassing democracy outright. A minuscule class of administrators issued mandates on every aspect of national life — masks, vaccinations, travel, education, church openings — and incurred debt at levels that even the most profligate Reaganite would have considered surreal.

Mr. Streeck has a clear vision of something paradoxical about the neoliberal project: For the global economy to be "free," it must be constrained. What the proponents of neoliberalism mean by a free market is a deregulated market. But getting to deregulation is trickier than it looks because in free societies, regulations are the result of people's sovereign right to make their own rules. The more democratic the world's societies are, the more idiosyncratic they will be, and the more their economic rules will diverge. But that is exactly what businesses cannot tolerate — at least not under globalization. Money and goods must be able to move frictionlessly and efficiently across borders. This requires a uniform set of laws. Somehow, democracy is going to have to give way.

A uniform set of laws also requires a single international norm. Which norm? That's another problem, as Mr. Streeck sees it: The global regime we have is a reliable copy of the American one. This brings order and efficiency but also tilts the playing field in favor of American corporations, banks and investors.

Perhaps that is what blighted the West's relations with Russia, where the transition to global capitalism "was tightly controlled by American government agencies, foundations and N.G.O.s," Mr. Streeck says, and the oligarchs who emerged to run the government in the 1990s were "received with open arms by American corporations and, not least, the London real estate market." To an Indian or a Chinese person, "free markets" established on these terms might carry the threat of imperial highhandedness and lost self-determination.

This insight gives us a context for understanding the persistent grievances of movements like Mr. Trump's, and their equally persistent popularity. What happens on the imperial level also happens at the local level, within the United States and the Western European societies that make the rules of globalization. Non-technocrats, whether they are the resentful members of the old working class or just people wisecracking about the progressive pieties of corporate human resource managers, are not going to be permitted to tangle up the system with their demands.

As we no longer have an economic policy that is managed democratically, it should not be surprising that it produces unfair outcomes. Nor should it be surprising that in the wake of the mortgage crisis, Covid, the war in Ukraine and so-called Bidenflation, this unfairness would give rise to what Mr. Streeck calls "tendencies toward deglobalization" — such as those that emerged with a vengeance on Nov. 5.

The "global economy" is a place where common people have no leverage. Parties of the left lost sight of such problems after the 1970s, Mr. Streeck notes. They allowed their old structure, oriented around industrial workers and primarily concerned with workers' rights and living standards, to be infiltrated and overthrown by intellectuals, who were primarily concerned with promoting systems of values, such as human rights and lately the set of principles known as wokeism.

It is in disputing the wisdom of this shift that Mr. Streeck is most likely to antagonize American Democrats and others who think of themselves (usually incorrectly) as belonging to the left. He, too, thinks that democracy is in crisis, but only because it is being thwarted by the very elites who purport

to champion it. Among the people, democracy is thriving. After decades of decline in voter turnout, there has been a steep and steady rise in participation over the past 20 years — at least for parties whose candidates reflect a genuine popular sentiment. As this has happened, liberal commentators — who tend to back what Mr. Streeck calls “parties of the standard model” — have changed their definition of democracy, he writes: They see high electoral participation as a troubling expression of discontent, “endangering rather than strengthening democracy.”

This new, topsy-turvy idea of democracy comes with a new political strategy. The interests and agendas of standard-issue parties are increasingly reinforced by the media and other grandees of globalization. These actors have “fought against the new wave of politicization,” Mr. Streeck writes, “with the full arsenal of instruments at their disposal — propagandistic, cultural, legal, institutional.”

Mr. Streeck is probably referring here to the obstacles put in the way of so-called left-wing movements in Europe — Syriza, Podemos, La France Insoumise in France. But his observation applies just as well to so-called right-wing parties. At present, Marine Le Pen, whose party won the most votes in France’s national elections last summer, is standing trial for embezzlement before a court that may ban her from politics for five years. In Germany this month, more than a hundred members of the Bundestag requested a constitutional ban on the country’s fast-growing right-wing party the Alternative for Germany, ahead of national elections scheduled for February.

There are dangers, too, in the way partisan prosecutors, in the run-up to the U.S. presidential election, convicted Mr. Trump of 34 felonies involving bookkeeping, on a legal theory so novel that not one American in a thousand could explain what he had been convicted of. A majority of Americans effectively voided the conviction at the ballot box.

Mr. Streeck’s new book is not about Mr. Trump’s triumph. But his message (or his warning, however you choose to read it) is not unrelated: The left must embrace populism, which is merely the name given to the struggle over an alternative to globalism. With globalism collapsing under its own contradictions, all serious politics is now populist in one way or another.

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https://www.nytimes.com/2024/11/28/opinion/wolfgang-streeck-populism.html