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Wolfgang Streeck: *How Will Capitalism End?*

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The last decade or so has witnessed what is to many a socio-economic system on the edge of collapse. Economic dysfunction proven by continuous economic crises and the increasing concentration of wealth in the hands of the few is causing havoc in our historically unprecedentedly but unequally affluent world. At the same time, political inadequacies in dealing with these economic problems have given rise to populist political movements and disillusioned voters. This is the crisis of democratic capitalism, and it harbours the start of the decay of capitalism. At least, this is the sobering prediction of Wolfgang Streeck's *How Will Capitalism End?* The book's sociological approach makes it part of a long line of capitalist critiques started by eminent scholars such as Karl Marx, JM Keynes, Friedrich Hayek, and Karl Polanyi, and contemporaries such as Immanuel Wallerstein and Craig Calhoun. However, until now capitalism has proven capable of surviving every lethal prediction and obstacle it has been exposed to. Streeck's argument, however, is different from previous ones. Capitalism will not be killed by its enemies, but rather it will die a slow and painful death from an overdose of itself.

In spite of the deep dysfunction of capitalism today, democratic capitalism actually successfully managed society during the Keynesian era. Stable economic growth allowed states to easily divide the fruits of capitalist operations with the rest of society, thereby legitimising the capitalist society in the public, and still leaving enough for capitalists to satisfy their need for more wealth. However, when post-war economic growth ended in the 1960s, tension arose as the conflict over resources became more explicit. States attempting to maintain the efficiency of capitalism implemented a series of solutions to satisfy the wants of the people, which could no longer be satisfied by getting a share of the spoils of economic growth. According to Streeck, none of the solutions provided long-term answers. Instead, they ended up causing further damage. The first of these state-solutions were to hold the promise of full employment at the risk of high inflation. This failed when stagnation came at the end of the 1970s. The second attempt was for states to finance welfare states through borrowed money, but when private debtors wanted their money back that solution also failed. It created what Streeck terms the 'consolidation state' (Chapter 4). The third solution was to liberalise financial markets to make it easier for citizens to borrow money privately, while states were allowed time to pay off theirs. However, when the financial crisis of 2008 hit this too was undone, as states had to take the bad private debt to avoid disaster. The endemic crises of democratic capitalism have thus not been solved.

In Chapters 4–8 Streeck addresses the political attempts to create an efficient environment for business mainly by letting free-market powers rule with as little government intervention as possible. In Streeck's opinion the institutional set-up of institutions such as the European Commission, the European Court of Justice, and the European Central Bank has profound con-

sequences. These institutions serve, politically, to enforce the neoliberal regime, and they are non-democratic in nature as they are exposed to no democratic pressure from the people. These non-democratic institutions and the high public debt that holds states accountable to private market forces above all else have resulted in the promotion of the language of capital rather than that of the people. Streeck here argues that the liberal capitalist state has practices similar to Carl Schmitt's authoritarian state.

This takeover of the market logic in democratic and governmental institutions, along with disappearing labour strikes, highlight how capitalism has defeated all its opponents. But this very victory has left capitalism without constraining institutions and left it to its own devices, essentially without self-control. Paradoxically, Streeck argues, it is highly problematic that capitalism has been left to its own, as there are inherent limits to market expansion, while capitalist behaviour on the other hand is without limits.

Keeping up demand for goods especially is an important constraint in Streeck's analysis. After the increased prosperity in the middle of 20th century and with the well-functioning welfare states, most people's basic needs had been met and thus demand for mass-produced goods saturated. Simply relying on the replacement of already bought goods was not enough for capitalism, so the advanced economies opened for trade with foreign markets. Domestically private companies attempted to create demand by specialising goods and advertising them through the creation of new consumer desires, such that consumers would even borrow money to buy them (Chapter 3).

The big question that remains is whether capitalism can solve the crises that follow capitalist behaviour. The series of crises of democratic capitalism has all been solved temporarily, but the scars are still with us. Streeck points to three long-term

trends in this respect: a persistent decline in the rate of economic growth, rising economic inequality and a persistent rise in overall indebtedness. Streeck argues that these trends will prove too big a task for capitalism in the long run. While other scholars have argued capitalism might evolve in other forms, Streeck is sure that it will disappear—but only after a long interregnum in which capitalism is neither dead nor alive.

It may well be true that we can see in today's capitalist consumer society a fondness for fancy material objects that shields citizens from realising the deeply exploitative relationship between capitalist mechanics and their own lives. Larry Bartels [2008], in *Unequal Democracy: The Political Economy of the new Gilded Age*, shows that most Americans want a more equal society. However, when push comes to shove, they still support tax cuts—even when they only help the rich—thereby creating higher inequality. Until citizens realise capitalism's role in the dysfunction of capitalist society, capitalism will not be blamed. Instead, 'dangerous immigrants' and 'corrupt politicians' are the ones blamed for either taking jobs from the middle-class or not protecting citizens from the fair workings of a free market.

This appears in line with Streeck's argument, even though he really claims capitalism's own workings will lay the foundation for its dissolution. Streeck backs away from wanting to predict the future specifically, but in so doing what he attempts to answer (how will capitalism end?) becomes highly bendable and post-hoc adjustable. Streeck does not make it clear how capitalism really is going to dissolve. Will it be a crisis of nature? Is it the high inequality and the following lack of demand for goods? Or another key cause? The author merely reiterates that capitalism will dissolve from its inherent contradictions.

At the same time, one cannot help but noticing that capitalism has been able to

solve every crisis it has created until now. So why can't it continue? It thus remains worth asking whether capitalism might survive in another form. Rodrik [2011] argues that either de-globalisation or further integration into an international society are potential solutions to the current problems of capitalist society, thus suggesting regulation of capitalism instead of replacement. In the end, while 'only time will tell' may be cautious but thin as a conclusion. But if you are interested in understanding the dynamics of capitalism that are partly invisible to the naked eye, this is the book to start with.

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