

Not with a Bang but with a (prolonged) Whimper*

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It is probably obvious to everyone that global capitalism is in dire straits, notwithstanding the brave talking up of output recovery that now characterises almost every meeting of the international governing elite. Even so, discussions of the end of capitalism still typically seem overstated and futile, not least because those hoping and mobilising for bringing in an alternative system are everywhere so scattered, weak and demoralised. In effect, capitalism is the only game in town, which is why even in its current debilitated and even decrepit state, it fears no rivals.

But maybe that is really not the point. Maybe economic systems can die without actually being killed by other competing systems. “How will capitalism end?” is the title of a brilliant book by the German thinker Wolfgang Streeck. (Verso, London 2016, published in India by Juggernaut Books.) It provides a cogent and persuasive critique of the nature of contemporary capitalism, and describes its ongoing extended demise, without surrendering to any optimism that as it fails to deliver even in terms of its own logic, all the nastiness and injustice it has generated must inevitably change for the better.

As may be fitting for a work with this combination of scope and profundity, it is difficult to pigeonhole either the author or the book into simple disciplinary categories. It straddles economics, politics and sociology, with forays into moral philosophy: in other words, political economy at its best. But even if it is beautifully written, it makes for tough reading – simply because the message is so stark, at once depressingly dystopic and terrifyingly plausible.

Streeck’s basic argument is this: capitalism is disintegrating, but without anything to replace it. As an economic regime, it is increasingly unable to deliver on its own promise of continuous expansion within a largely stable society. This disintegration is coming about not because of any external threat or combined socio-political opposition to it, but because it has been too successful for its own good, and so has to confront the contradictions generated by its success. In effect, contemporary globalised capitalism has managed to overrun and conquer its opponents (such as associations of workers that could reduce capital’s bargaining power, democratic accountability that might give rise to regulatory structures that limit or constrain its activities and its profits, collectivities that voice the requirements of the larger social good, and so on) to the point where it is now almost completely untrammelled. So there are no checks and balances of the kind that in various periods in the past have generated both less economic volatility and more social stability.

In purely economic terms, this “success” means less expansion of demand for products that the system must keep coming up with in terms of its own logic. It also means less ability to create new sources of demand, as financialisation and credit bubbles also appear to have run their course, despite almost endless injections of synthetic liquidity through very loose monetary policy. In socio-political terms, this generates more widespread despair, alienation and individualised responses that threaten the very basis of functioning societies. In an almost textbook extension of the

biological argument of the prey-predator relationship, capitalism has killed off all its prey, to the point that its own very existence is now threatened.

This is particularly evident in global capitalism's ability to encroach onto and incorporate the three areas that Karl Polanyi had described as "fictitious commodities": labour, land (or nature) and money. Polanyi described these as fictitious because laws of supply and demand cannot fully apply to them and so complete commodification will destroy them or make them unusable. Yet these are precisely the areas in which recent capitalist expansion has been most "dynamic". As the institutional safeguards that had earlier prevented them from being fully commodified have been eroded, the process has reached a critical threshold that must generate crises of different kinds: economic, social and political.

This reflects a deeper concern: at least for the advanced capitalist societies of the west, the shotgun marriage between capitalism and democracy that was performed in the middle of the 20th century after the Second World War, now appears to have ended. Streeck speaks of "an endemic conflict between capitalist markets and democratic societies" in the longer term, (page 73) which was only briefly overcome during that period. The conflict is now resolved in capital's favour, as that social contract is now effectively being transformed into one in which economic power is political power, with one-dollar-one-vote replacing one-citizen-one-vote. Associated with this, there has been a shift in the nature of states in developed countries (Streeck spends much time on those in Europe in particular) from the classical "tax state" that taxes the rich to redistribute downwards and provide essential services to the people; to the "debt state" that loses some of its ability to tax and seeks to provide services through enhanced public debt; to the "consolidation state", for which fiscal austerity is the driving force, and which is fundamentally antithetical to democracy. It is now almost commonplace to note that "turning the economy over to a combination of free markets and technocracy makes political participation run dry" (page 141) – and it provides easy explanations for the rout of social democracy and the rise of rightwing anti-establishment forces. But despite these reactions, "the arenas of distributional conflict have become ever more remote from popular politics" (page 93).

This weakening of social, political and institutional constraints on capitalist advance has generated five systemic disorders, according to Streeck: stagnation, oligarchic redistribution, the plundering of the public domain, corruption and global anarchy. In turn, the symptoms of this decay are exemplified in the advanced capitalist countries in three broad tendencies. First, there is a persistent decline in rates of economic growth, often described as "the new normal" or "secular stagnation" – which matters crucially because capitalism exists in order to expand in economic terms. Second is the fact that this decline is accompanied by a concomitant and persistent increase in indebtedness, across households, companies and governments, because so much of the relatively anaemic growth of the recent past has had to be generated by credit expansion. These two features are strongly related to the third: the massive increases in income and wealth inequality within capitalist societies across the world. Falling growth, rising debt and increasing inequality are hardly news any more, but taken together they point to a morass from which the system cannot extricate itself without fundamental transformation.

But as there is no new social order, or groups able to mobilise to provide an alternative order, waiting in the wings to succeed it, what humanity will experience

instead is an age of entropy. “Before capitalism will go to hell, then, it will for the foreseeable future hang in limbo, dead or about to die from an overdose of itself, but still very much around, as nobody will have the power to move its decaying body out of the way” (page 36). This long period of systemic disintegration will be one “in which social structures become unstable and unreliable... devoid of reasonably coherent and minimally stable institutions capable of normalising the lives of its members and protecting them from accidents and monstrosities of all sorts” (page 36).

So the end of capitalism is a process, not an event – and it is likely to be a long process, possibly even spanning centuries. The individualised societies of this unhappy interregnum must generate survival strategies of people who are forced to improvise to fill the gaps that are created by the absence of a meaningful social contract, to ensure what is then valorised as “resilience”. Streeck identifies four such responses: coping, hoping, doping and shopping. “Coping” involves individual exertion rather than organising collective action – and “tends to come with a social construction of life as an ongoing test of one’s stamina, inventiveness, patience, optimism and self-confidence” (page 42) in the face of increasingly insecure and fragile material conditions. “Hoping” must accompany this, but is once again an individual attempt to imagine a better life for oneself eventually – even when this hope is imposed on the collective as in the “American Dream” (or perhaps in the more recent evocation of the “Chinese Dream”). When these are not enough, “doping” or substance abuse becomes significant – not just in the more obvious performance-replacing consumption of those designated as failures, but in the performance-enhancing dependence of the achievers, whether in sports or the finance industry. Finally, the importance of “shopping” in capitalism is well known, as is the strategy of expanding markets by creating wants beyond needs. But socially obligatory hedonistic consumerism does more than fulfil this economic function; it also fits in with these societal responses by making an individual’s status and social interactions dependent on consumption in various forms.

Streeck presents what is essentially a very Northern perspective, rooted in the recent history and milieu of advanced capitalism. There are those who would argue that capitalism in emerging markets – particularly in Asia – still have the scope to achieve something of the dynamism that prevailed in the core countries a few decades ago. Certainly, the form of “Xi Jinping Thought” so recently sanctified in China appears to rely on the optimism that state-led authoritarian capitalism can overcome these deficiencies. Streeck dismisses such a possibility without further elaboration. But it is also true that many of the most disconcerting features of advanced capitalism, especially the commodification of land, labour and money, are increasingly evident in such emerging markets, and are likely to play similarly negative roles even for capitalist accumulation in future.

Given this unsparing critique, it is somewhat surprising to find that, among others, the Financial Times of London (widely perceived as the voice of the global financial elite) awarded it as the best book of 2016. But self-knowledge need not always lead to self-consciously driven change. Certainly, nothing in the behaviour of major international financial players or large global companies generally suggests that there has been a rethinking of their actions simply in order to ensure survival into the future.

So it is a bleak picture indeed, which can only be leavened for readers of this book with the knowledge that structures and institutions that are created through human agency can also be dismantled by them, and that even the full knowledge of current processes can contribute to wider social demands to reverse them.

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