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## IS THE GLOBAL CRISIS ENDING THE MARRIAGE OF CAPITALISM AND LIBERAL DEMOCRACY?

(IL-)LEGITIMATE POLITICAL POWER AND THE NEW GLOBAL ANTI-CAPITALIST MASS MOVEMENTS IN THE CONTEXT OF THE INTERNATIONALIZATION OF THE STATE

BY INGAR SOLTÝ

GLOBAL AUSTERITY, GLOBAL RESISTANCE AND THE QUESTION OF POLITICAL POWER AND LEGITIMACY

In 2007 the global economy entered the fourth organic crisis in the history of globalizing capitalism after the “Long Depression” (1873–1896), the Great Depression (1929–1939) and the Crisis of Fordism during the 1970s. The bankruptcy of the giant investment bank Lehman Brothers on 15 September 2008 accelerated and created the need for a new state interventionism of bank bailouts as well as limited nationalizations of ailing corporations in the automotive industry. The most coherent elite exit strategy from the global crisis, the Green New Deal, which was meant to address the long-term interests of capital in a more stable and prosperous capitalism, failed politically in the spring and summer of 2010. The new state interventionism proved itself to be the reconstruction and deepening of neoliberalism by means of the state.<sup>1</sup> Yet, coinciding with the political failure of the Green New Deal and the ensuing global austerity turn, the global crisis has articulated itself politically not only in terms of an upsurge of right-wing populist forces but increasingly also in the form of social movements and mass protests (as well as, to a lesser extent, more narrowly defined political forces), which belong

<sup>1</sup> On the historic unfolding and periodization of the crisis and its management by the state with regard to the United States see Soltý 2013a: 15–71 and with regard to Europe see Soltý 2013c as well as Gill and Soltý 2014.

to the left wing of the political spectrum inasmuch as the general perspective in their opposition to the status quo is socially inclusive, i.e. opposed to the racist, classist and/or sexist politics of exclusion championed by the political Right (Soly 2013b).

The new wave of global mass protests, compared early on and then repeatedly to the internationalized revolutions of 1848 (Anderson 2011), began in the spring of 2011. This wave was arguably triggered by the democratic and social-revolutionary mass movements of the 2011 Arab Spring in North Africa and the Middle East, where they were often driven by independent and powerful trade union movements (especially in Egypt as well as in Tunisia), as well as the remarkable 2011 social justice protests in Israel, which for weeks managed to mobilize historic numbers of several hundreds of thousands of people in a country of less than eight million inhabitants. The events in Egypt and Tunisia showed that even under the most difficult circumstances popular movements were capable of creating a critical mass so strong that they were able to topple some of the most repressive regimes on the planet.<sup>2</sup> All this sent a powerful message to the world.

Under these impressions and with continuous references to the Arab Spring motif and the new tactics of public square occupations, which differ from the traditional mass rallies (e.g. of the late 1990s/early 2000s global justice movement) insofar as they create the public space for the creation of a new political subject, the international precariat (Soly 2011b), the global austerity turn sparked a remarkable wave of global anti-austerity resistance. This included the ongoing general strikes, the aforementioned permanent occupations and remarkable mass mobilizations of historic record numbers against Troika-dictated austerity measures in the EU periphery (Spain, Greece, Portugal and – to a lesser extent – Italy and Ireland<sup>3</sup>); the significant

2011 and 2012 wave of protests in the United States stretching from anti-austerity labor movement struggles (the 2011 Midwest public sector worker protests also known as the “Wisconsin Uprising,” the 2012 Chicago Teachers Union strike, etc.) via low-wage-sector workers’ strikes and protests (at the U.S.’s largest retailer Wal-Mart and in the fast-food industry) to the Occupy Wall Street movement of 2011 (see Soly 2013a: 165–183); the massive student protests against neoliberal reforms, public education cuts and tuition fee increases in Chile (2011–2013) and in Canada (2012), which in 2012–2013 also saw the *Idle No More* indigenous and environmentalist movement, as well as – to a lesser extent – in Colombia (2011) and Great Britain (2010); the 2013 mass protests in Bulgaria against regional private-sector energy monopolies (mobilized around the demand of the nationalization of key sectors of the economy); the ongoing 2013 working-class and environmentalist protests in Romania (sparked by several cases of unpaid wages, mass layoffs, general dissatisfaction with working conditions as well as shale gas exploration and the Roșia Montană mining project); and the January 2012 mass protests and national strike in Nigeria, also dubbed “Occupy Nigeria,” which successfully fought against the withdrawal of public fuel subsidies that had caused the fuel price to more than double overnight. Moreover, the new global wave of social mass protests included the large 2013 social-democratization movements in Turkey (sparked by processes of gentrification) and in Brazil (sparked by public transport fare increases); and finally the massive labor movement mobilization in Indonesia, which included a general strike of 2 million workers organized on 31 October 2013 by the trade unions around the demand of a 50-percent increase of the minimum wage.<sup>4</sup>

<sup>2</sup> The reasons why in Libya (as well as in Syria) larger segments of the population had reasons to defend their countries’ regimes, even under conditions of foreign intervention, resulting in extended and bloody civil wars I have discussed through the lens of the theory of the new imperialism in Soly 2014, which is an updated version of an article originally published in June 2011 in the German critical social sciences journal *Prokla*.

<sup>3</sup> In Ireland, these protests included the nation-wide mass protest against the debt incurred by the socialization of bank losses and the Troika-dictated austerity measures, which on 9 February 2013 mobilized more than 100,000 people across the country. Furthermore, Great Britain also saw massive mobilizations against austerity; the union-organized *March for the Alternatives* of 26 March 2011, for instance, mobilized around half a million people who protested in the city of London while the J30 mobilizations on 30 June 2011 mobilized a

similarly high number of protesters (teachers and other public sector workers) in several events across the country.

<sup>4</sup> Other anti-austerity protests included the 2012–2013 mobilizations against the Sudanese government as well as the 2013 “Red Shirt” protests of the rural and urban poor against the government of Yingluck Shinawatra. However, an argument could be made that both of these protests cannot as easily be compared to the protests mentioned above, because they seem to be over-determined by other factors; in the case of Thailand by the 2006 coup d’état against the former prime minister Thaksin Shinawatra as well as the government’s bloody repression of the 2010 “Red Shirt” protests, and in the case of Sudan by the fact that the secession of South Sudan cut off the Sudanese government from most of the tax revenue from the oil fields in this former part of the country.

Due to their relative homogeneity (especially of the movements caused by austerity measures), the case has been rightfully made that these anti-austerity movements form part of a new global “cycle of contention” (as the sociologist Sidney G. Tarrow has called the cyclical condensation of mass protests), which can be analyzed in comparison to the Western European “cycle of contention” between 1968 and 1973 (Schmalz and Weinmann 2013; see also Mason 2013). Together these protests have marked the birth of a new wave of global *anti-capitalist* mass movements. Their orientation is anti-capitalist and anti-systemic for objective reasons. First of all, these movements are indicative of a representational gap and the increasing alienation of a growing segment of national populations from their respective political systems. To a large extent, with the exception of Thailand, in nearly all cases they are not representatives of existing main oppositional parties in national parliaments. Secondly, their demands are strictly material insofar as they embody distributive struggles oriented towards a defense and expansion of existing structures of the commons, i.e. the public good and the various forms and degrees of welfare statehood reached in the different regions. What unites all these protests from Occupy Wall Street to the 15-M movement in Spain is that their protests have been (re-)articulated strongly in the language of social class. The Occupy Wall Street slogan of the “99 percent against the 1 percent” in the United States is thus echoed by the 15-M notion of “not left, not right, but bottom” (see also the contribution by Fernández González and Molina Allende in this volume). The point is that, historically, such movements were “anti-capitalist” only insofar as they were, in the Poulantzas sense, defending society against the power of capital and the capitalist market. As such, they could belong to the revolutionary or the reformist wing of the labor movement. And together, directly or indirectly through processes of “defensive democratization” (Salomon 2012: 17–22) or “defensive strategies” of “social movements from above” (Nilsen and Cox 2013: 71–73), both realized the “Great Transformation” by transforming liberal capitalism into welfare capitalism (Esping-Andersen 1990). In the materialist state theory debate of the 1970s, this fact was reflected in one of the most widely circulated and central formulations of the Greek Marxist Nicos Poulantzas (2002), that of the “relative autonomy of the state.” However, as also Poulantzas would have insisted that relative autonomy is relative and dependent on the historical situation itself. Thus, it was the earlier state theorist Franz Neumann, associated with the Frankfurt School and widely acknowledged as one of the founders of West German political science, who in his famous 1935 essay pointed out that “[The] autonomy of the state from the social classes is only a relative one. Such a relative autonomy exists when

both classes [the capitalist class and the working class; IS] are more or less in an equilibrium [of power]. And this situation of equilibrium works only as long as capitalism is capable to make certain concessions to the working class.” (Neumann 1978: 142) However, such a situation is no longer given. Whether the new mass movements are aware of it (and for the most part they are), in the global crisis – and particularly in its new phase of global austerity – the demands for a protection of historic labor movement achievements and the struggle against new cuts in social systems, let alone the reversal of past unpopular neoliberal reforms (in public health, pension, education and welfare systems or labor markets), are objectively not realizable without a challenge to the system as a whole. Even the most reformist demands from any given protest movement, such as the tackling of stress and labor power exhaustion in public hospitals and schools through new hires or the reduction, let alone abolition, of college tuition fees in the face of youth mass unemployment and evaporating college premiums, put these new movements, which are initially sparked by such single issues,<sup>5</sup> quickly into an antagonistic relationship *vis-à-vis* the austerity state. In other words, the radical nature of reality must turn even the most reluctant radical into a revolutionary. And indeed, the fact that these movements have been recapturing “the street” (and public squares) rather than parliaments is itself a reflection of their anti-capitalist and anti-systemic insofar as it proves the point that traditional 20<sup>th</sup>-century forms of compromises with the corporate-liberalist elements of the ruling classes and through social-democratic mass parties are no longer possible under conditions of neoliberalism and capitalism in crisis. And the inability to distinguish neoliberal right-wing parties from existing center-left social-democratic parties, which in many countries such as Greece, Portugal and Spain have implemented the austerity measures themselves, illustrates that fact.

Generally speaking, these movements are embodiments of the rapidly accelerated erosion of neoliberal hegemony. As such, they have effectively called into question the legitimacy of the state and its decisions such as the

<sup>5</sup> As Alf Gunvald Nilsen and Laurence Cox point out, “The starting point [of any social movement] is everyday practices developed in response to specific needs, problems and places, materially grounded in concrete situations, and hence a specific group: but to become a movement, participants need to connect with other such practices by articulating something more abstract, a ‘local rationality’ that can be recognised by potential allies. Significantly, such processes unfold in conflict with the collective projects of other groups within a given social formation” (2013: 66).

socialization of bank losses and the ensuing politics of austerity as the economic and political elite's preferred exit strategy from the crisis. Amidst a general re-politicization of the public budget and a new *cui bono* common sense, the aforementioned struggles are therefore, as previously mentioned, also symptoms of a crisis of liberal-democratic representation, i.e. the alienation of large segments of the working class and the middle classes from the political system, which is at the heart of the fragmentation of political systems especially in the core capitalist countries including the rise of strong right-wing populist and neo-fascist political forces (Solyt 2013b; Solyt/Gill 2013).

As a consequence, the new wave of global anti-capitalist mass movements has invoked violent reactions from the side of the state, putting the question of the legitimacy of political power back on the agenda of scholars and activists alike. This question is particularly relevant today given that the dynamism of most of these social protests and resistance movements against neoliberalism has been strongly influenced by the reaction they have elicited from the side of the state and the dialectical interplay of repression and resistance. For instance, both in the United States (see the chapter by Dising in this volume and Solyt 2011b) as well as during Québec's "Maple Spring," the authoritarian response by the state vis-à-vis the peaceful protesters resulted in a significant (re-)invigoration of social resistance, which in the Québec case turned a historically strong student movement into the largest popular mass movement against neoliberalism and de-democratization in the history of that Canadian province (see further Solyt 2012).<sup>6</sup> In other words, the dia-

<sup>6</sup> States are always ready to use direct violence in order to repress political opposition; however, they always have to negotiate the risks of losing legitimacy through violence. And one of the reasons why repression exerted against protesters often tends to effect the opposite of what it is supposed to achieve, namely the intimidation and disciplining of protesters through punishment, appears to be that the physical force directed against the body and especially the visibility of harmed or dead bodies usually has a much stronger mobilizing effect than political ideas, implemented laws and so forth, even if the harm they cause to larger segments of the population is significantly greater than the injury to one or several human beings. The reason for this is that the thinking in abstractions necessary for any kind of practical politics is something that is learned whilst doing practical politics. And so this is part of Marx's dialectical understanding that the revolution is the transformative praxis itself inasmuch as it revolutionizes the revolutionaries. It is the learning process which is part of revolutionary politics which helps the subalterns to transcend their subalternity, grow in their political tasks, etc. and is eventually supposed to lead to a situation in which, as Lenin famously put it, the (female) cook is empowered in a way enabling her to eventually lead the state.

lectic of (il-)legitimacy and political power, of resistance and repression, is likely going to continue to shape the political articulation of the crisis and is therefore of paramount importance for both scholars as well as social actors trying to defend workers' rights, the welfare state and democracy against the neoliberal austerity measures. Furthermore, it also shows the necessity that the historical divergence between social movement research and peace and conflict research ought to be overcome given the strong interdependence between their respective fields of study and levels of analyses.

However, the question of what the ascent of the new social protest movements entails with regard to the question of political power and (il-) legitimacy needs to be looked at by taking a temporally longer and socially broader view. First of all, the broader perspective relates to the global embedding of the new anti-capitalist and occupation movements, which allowed them to become internationalized in the first place. Again, inasmuch as they were created and mobilized by similar concerns and fundamental contradictions of the capitalist system, whose disappearance from social movement studies the crisis should help reverse (Hetland/Goodwin 2013), it is crucial to see them not as isolated events simply because they were sparked by locally and regionally sometimes quite different economic, political and social events. The "Unity of the Diverse" claimed by the movements themselves internally (McNally 2013) also applies to their general character externally. Secondly, the longer view relates to the long-term development of the relationship between capitalism and democracy. Currently, scholars in the social sciences in general and in political science in particular have not only rediscovered capitalism and started to get a better sense of its general crisis-proneness, but they have also begun again to discuss the relationship between (liberal) capitalism and democracy. This debate was initiated by the important contribution made by Colin Crouch (2004) and the controversy it sparked about "post-democracy" prior to and throughout the crisis as a result (not least) of its various translations that often coincided with its onset. This debate has gained much traction due to the recent work of influential intellectuals such as Wolfgang Streeck (2012 and 2013) who has made the strong argument that capitalism is becoming post-democratic in general and that, in Europe, an alternative (such as a European Bretton Woods system) is needed because of the anti-democratic and, in his view, un-democratizable institutions of the EU as such. Especially in Germany, through his rediscovery and (implicit) re-publicizing of long-standing debates within German and international Marxism, Streeck has thus also created a new space for interaction with Marxist scholars such as Frank Deppe and labor movement intellectuals such as Hans-Jürgen Urban, who prior to that had made different but overall

similar arguments (see further Deppe/Schmitthenner/Urban 2008; Urban 2011; Deppe 2013b).

The question is, however, what do we actually mean by post-democracy? The value of Crouch's contribution, for instance, lies in the fact that he understands democracy to be more than simply the existence of free elections, the rule of law and other elements of liberal democracy but rather in terms of the material benefits, participatory moments and actual responsiveness of the political system to popular concerns based on the political-economic inroads the institutions of the social-democratic labor movement (trade unions and social-democratic parties) had made after the Second World War. And yet, by applying the prefix "post," Crouch seems to indicate that the Western Fordist capitalism of the 1950s and the 1960s was, in fact, democratic in the way he would like to see it again. Yet this indication tends to forget that this kind of welfare-state capitalism was regionally and, due to its internal economic, political, ecological, social and cultural contradictions, also temporally limited, and that it was furthermore still based not only on patriarchal gender relations but also on the general class antagonism within capitalism, which reflected itself not the least in the ways in which private property remained sacrosanct and democracy ended at the capitalist factory gate or office – protecting the structural power of capital that eventually allowed itself to reverse more and more gains made by the working classes.

By adopting a longer-view perspective on the historical relationship between capitalism and (liberal) democracy, this essay thus seeks to make a contribution to the post-democracy debate. The central argument put forward is that the relationship between capitalism and democracy needs to be understood in terms of the shifting sources of legitimacy and spatial terrains of political power in the context of the globalization of capitalism and the internationalization of the state, which are affecting the (in-)ability of movements to effect political change.

#### “SCREW THE TROIKA?” THE PROTESTERS BE SCREWED! OR, THE RIDDLE OF THE PERSISTENCE OF ILLEGITIMATE POLITICAL POWER

So what is legitimacy? Following Max Weber's classic definition (1980: 122), legitimacy can be defined as the “legitimate (or constitutionalized) monopoly of organized coercion in a given territorial area” including the

“ability to raise taxes or the right to make decisions that are collectively binding on individuals and collectivities present in its sovereign territory” (Jessop 2002: 37). And the question of the legitimacy of political power in the current historic moment of the crisis of global capitalism and the global age of austerity can be posed in the form of a riddle. The new global protest movements have found one of their most remarkable expressions in the anti-austerity resistance in Southern Europe that has mobilized historically large segments of society. In Portugal on 2 March 2013, more than 1.5 million people participated in the “Screw the Troika” protests against the neoliberal structural adjustment program implemented by the Portuguese government on behalf of the EU Troika (i.e. the European Central Bank, European Commission and IMF). In Lisbon alone, 800,000 people, almost twice the number of the capital's inhabitants, marched through the streets of the city giving voice to their demand to end public sector mass layoffs, public service deterioration, dispossession of social security rights, the reduction of the minimum wage and the erosion of collective bargaining structures and trade union rights. Altogether, the protests mobilized the record number of approximately one fifth of the voting age population! Meanwhile, as mentioned above, similar mass protests have erupted continuously throughout Spain, Greece and to a lesser extent Italy and Ireland in response to the austerity measures following the Memoranda of Understanding, which the EU Troika had first “negotiated” with the state of Greece in May 2010.

Nevertheless, contrary to previous historical experiences across the globe and despite the obvious political illegitimacy resulting from the anti-democratic nature of implementation, the economic ineffectiveness as well as social and humanitarian consequences of the austerity measures (not to mention the political implications of the Weimarization of Greece as a consequence of the neo-Nazi Golden Dawn party) (see further Gill/Soltly 2014), none of these protests have managed to effect even the slightest change of course within the European Union and its austerity agenda. Instead, the neoliberal “internal devaluation” project of dictating to the EU periphery states the reduction of minimum wage levels, public-sector wage and benefit cuts or increases of the pension system thresholds have continued. Even worse, simultaneously to the massive mobilizations against the austerity agenda, the elimination of labor movement achievements’ and democratic accountability has intensified. Hence, the new political initiatives from the 2011 Macroeconomic Imbalances Procedure (Six-pack and Two-pack) and the Euro-Plus Pact to the Pacts for Competitiveness laid out by Angela Merkel at the World Economic Forum in Davos, Switzerland, in January 2013 implement a new economic governance in the European Union which includes the massive de-

centralization of collective-bargaining structures (as a means to weaken European trade unions), the dictate of national-wage policies as well as the European Commission's seizure of control over national budget policies (which includes automated sanctions for violations of the newly constitutionalized fiscal austerity) (see further Oberndorfer 2013; Müller/Schulten 2013; Solty 2013c). In fact, the massive protests in Portugal or Spain, for instance, did not even effect the resignation of their national governments despite what this large-scale popular resistance indicated with regard to the tremendous degree of these rulers' illegitimacy – an illegitimation which can also be measured and proven empirically in terms of various indicators of legitimacy crises related to electoral politics and factors of social-moral integration such as (class-biased) voters' abstention (see also Offe 2013 and Forsa 2013), governing party/party coalition electoral losses as well as the rise of anti-EU and EU-critical political parties from both the left and the right wing of the political spectrum in these countries. With regard to the loss of legitimacy of austerity-enforcing governments and government coalitions, for instance, an empirical study conducted by Stephen Gill and myself as part of the Canadian Social Sciences and Humanities Research Council-funded research project “Europe in an Era of Political and Economic Crises” has determined that all governing parties/party coalitions in the EU countries with Troika dictates have experienced tremendous losses in voter support ranging from minus 8.5 percent in Portugal, minus 15.11 percent in Spain, minus 27.1 percent in Ireland, minus 36.4 percent in Italy to minus 45.36 percent in Greece from elections before and after the Memoranda of Understanding dictated by the Troika (see further Solty/Gill 2013).

From a historical perspective, this development is most striking; it is a riddle that begs answers. This paper argues that these answers can be traced back to the ways in which the (re-)sources and spatial terrains of political power have fundamentally shifted during the era of the globalization of capitalism that has occurred under the auspices of the American Empire and the internationalization of the state (see further Panitch/Gindin 2012; Deppe/Salomon/Solty 2011). And it is this development of transnationalization as well as localization of forms of statehood (most notably in the European Union, see further Bieling 2006) that needs to be taken into account when discussing the question of whether or not capitalism and democracy are becoming increasingly antagonistic in the context of capitalism's fourth organic crisis since the Long Depression of the late 19<sup>th</sup> century (see further Gill/Solty 2013).

## THE LIBERAL STATE AS A MECHANISM: POLITICAL POWER AND LEGITIMACY IN THE PERSPECTIVE OF THE *LONGUE DURÉE* OF CAPITALIST SOCIETY

As was argued above, in order to solve the Portuguese riddle, we must start by taking a historically longer view. We must begin by discussing why the question of legitimacy has become such a relevant theme in the study of political power and resistance, because this *longue durée* continues to shape the political history of capitalism.

Generally speaking, the concept of political legitimacy is a fairly new one in the history of human society; it is essentially a modern concept. In the pre-modern Middle Ages *dei gratia*, the divine right of kings, was the founding principle of political power, which largely coincided with economic power inasmuch as the feudal aristocratic class was both the landowning as well as judicially governing social force. The concept of legitimacy emerged from the class struggle between the economically and socially ascending bourgeoisie and the feudal land-owning classes. The bourgeoisie's main (intellectual and political) weapon was the institution of the parliament, which was supposed to limit the powers of the king and other regional rulers of nobility. Emerging from the relatively autonomous urban centers of pre-capitalist commerce and nucleus capitalist manufacturing, its cross-national political slogan became “no taxation without representation”. This slogan underscores the material-economic element of legitimacy, “output legitimacy,” which has been largely absent from or neglected in numerous accounts and analyses of legitimacy that focus narrowly on “input legitimacy,” which includes *formal* and *direct* elements (political equality: the active and passive right to vote) as well as *procedural* elements (rule of law) (Blühdorn 2013). Not so much ideational and abstract enlightenment principles but rather social distributional struggles between on the one hand the emerging bourgeoisie, whose self-confidence ushered into the liberal political thought of the 17<sup>th</sup> century and the enlightenment philosophy of the 18<sup>th</sup> and 19<sup>th</sup> century, and on the other the increasingly parasitic conservative feudal aristocracy, were at the heart of the emergence of the concept of legitimacy (Horkheimer 1987). Contrary to the conceptualization of political philosophy as a trans-historical (plutonic elite) discourse of ideas devoid of actual social actors articulating them (as, for example, in the political theory methodology put forward by Strauss 1988), the struggle over legitimacy and the state organization was articulated in times of revolution and “democratic moments” in which the constitutional debates brought to light in condensed form the diverging class

differences and antagonism between the democratic (plebeian, proletarian and petty bourgeois) masses, which had driven the (bourgeois) revolutions and constituted their mass bases, and the bourgeoisie minority itself, which tried to contain the escalating dynamism and radical verve of revolution by a conservative turn. This is true for the history of the Glorious Revolution in England and the Putney Debates (one of the rare occasions that the subalterns could speak) (see Kennedy 2008); the “democratic moment” in the American Revolution that was then cut short by the conservative American constitutionalization process (Bouton 2009); and the failed 1848 revolutions in continental Europe that ended with the bourgeoisie’s ascent to *political* power, its conservative turn and the amalgamation of conservatism and liberalism as conservative liberalism and liberal conservatism (Kofler 1984),<sup>7</sup> which in Germany, for instance, took the form of a class symbiosis between the feudal-conservative Junker and the capitalist-liberal bourgeoisie (Machan and Milles 1980) aimed at a “Hobbesian contender state’s” “passive revolution” from above (van der Pijl 1996).

As a result, after centuries of social class struggles, the feudal-aristocratic notion of the “monarchic” and “dynastic principle,” the divine right of kings, was replaced in modern Europe through the concept of natural law and popular sovereignty. The reason why the German Conservative Revolution fought liberalism as hard as it did by means of the sovereignty discourse and decisionism (Schmitt 1985) is because intelligent conservative and pre-fascist intellectuals such as Carl Schmitt realized that liberalism was like the Box of Pandora (Schmitt 1995). In that sense, the conservative Prussian state theorist Friedrich Julius Stahl had been correct when he begrudgingly observed that there were only two parties: “the party of order” (conservatism) and the “party of revolution” (liberalism and, resulting from it, socialism). Once the democratic principle of legitimacy had been released, it was next to impossible to return to the ideological status quo ante, which is why Schmitt and other Conservative Revolution intellectuals, strongly influenced by Mussolini’s *March on Rome* of 1922, eventually turned more or less 180 degrees

<sup>7</sup> In England, this conservative turn already occurred during the Glorious Revolution and can be best observed in Edmund Burke’s “Reflections on the Revolution in France,” which is indicative of how the bourgeoisie’s liberalism in power increasingly adopts or amalgamates with the conservative ideology of the old feudal classes (evolution instead of revolution; the particular/concrete instead of the universal/abstract etc.; see further Lenk 1989) as a means to ideologically defend its economic and political interests against the emerging democratic-socialist labor movement.

away from 19<sup>th</sup>-century type of conservative counter-revolutionary thought – Donoso Cortés, Joseph Marie de Maistre and Louis-Gabriel-Ambroise de Bonald (see Schmitt 1985) – and towards (pre-)fascist concepts of the (national) myth, charismatic leadership (Schmitt 1996) and the “revolution from the right” (Freyer 1931). Historically, over a long period of time stretching from the American War of Independence in 1776 to the defeat of fascism in 1945, it had become clear that classical liberal conceptions aiming at the restriction of voting rights and the disenfranchisement of the popular classes – pursued politically by means of “property qualifications” and ideologically justified through concepts such as the “childish mass” (Macpherson 1975; Losurdo 2008: 69–171; Wood 2012) – would repeatedly come under attack by the majority population not eligible to vote. This was also the reason why the term “social democrat” had been much more bedeviled during the late 19<sup>th</sup> century than the term “socialist,” which – out of fear of social revolution after the 1871 Paris Commune and in the context of the rise of the socialist labor movement during the 1870s in Germany and across Europe during the 1880s – was adopted by numerous (petty) bourgeois social reformers of the time such as Hermann Wagener, Karl Rodbertus and Rudolf Meyer in Germany, the Austrian *Christlich-Sozialer* around the Viennese newspaper “Vaterland” edited by Karl von Vogelsang or the Social Catholics around Count Albert de Mun and Count François-René de la Tour du Pin in France. In short, ever since, legitimacy has been connected to popular sovereignty and the nation-state became in fact the kind of “mechanism” (responsive, at least theoretically, to democratic aspirations) that Carl Schmitt had feared it would. The “self-organization of society,” as he called (and despised) it became, in this particular sense of democratic legitimacy, a reality (1969: 78). In what Marxists discussed as bourgeois and non-Marxists as pluralist (liberal) democracy, governments now have to respond to social needs and popular demands.

In a way, the fascist and authoritarian myth theories, the political-philosophical construction of the need for a decisionist sovereign (based on the construction of the “state of emergency” as liberalism’s blind spot in Schmitt’s state theory: see Schmitt 1985) and their underlying reactionary politics amounted to the last attempt at reconstructing the authoritarian political form of society and forward-defense against liberal-democratization and legitimacy based on popular sovereignty. After the defeat of fascism, the term “democracy” – used pejoratively by the ruling classes of the 19<sup>th</sup> century and the first half of the 20<sup>th</sup> century, as mentioned above – became the ruling ideology, and the expansion of capitalist social relations under the

leadership of the U.S. state after the Second World War was carried out under the moniker of "freedom and democracy".

Of course, for quite a significant share of thinkers of the elites, freedom meant largely liberal "negative freedoms" and the freedom of the market; and for almost all of them democracy still meant bourgeois democracy, which ends at the capitalist factory's gate or office's revolving door behind which the tyranny of the capitalist owner or the large shareholders and CEOs begins, to whom the working class majority dependent on a wage in its social reproduction must sell its labor power.<sup>8</sup> And yet, the notion put forward during the late 1930s by Max Horkheimer (1988), according to which fascism was the "natural" political form of "late capitalism," i.e. organized capitalism in its monopoly stage (an argument Horkheimer had picked up and developed further from Herbert Marcuse and Friedrich Pollock), were obviously proven to be incorrect by history. In contrast, it appeared as if the visionary Lenin had been proven correct who had argued as early as 1917 that "the omnipotence of 'wealth' is more certain in a democratic republic [because] (...) it does not depend on defects in the political machinery or on the faulty political shell of capitalism. A democratic republic is the best possible political shell for capitalism, and, therefore, once capital has gained possession of this very best shell (...), it establishes its power so securely, so firmly, that no change of persons, institutions or parties in the bourgeois-democratic republic can shake it" (Lenin 1917, Ch. 1, Section 3). Leaving aside the fact that Lenin had not anticipated the de-democratization processes taking place all over continental Europe as a result of the hardships of the "Great Depression" of the 1930s, the history of capitalism under the conditions of the Cold War seemed to suggest just that: that (bourgeois) democracy *was and is* in fact the "best possible political shell" of capitalism. And as a result, the debate about the relationship between capitalism and democracy largely subsided from the critical scholarly and political debates of the post-war era.

<sup>8</sup> It should be mentioned, though, that the utter and complete discrediting of capitalism as a result of the Great Depression, fascism and two horrifying world wars necessitated, in the immediate post-war years, a significant democratization of capitalism in order to protect it against immensely strong socialist aspirations from below. This can also be seen in the far-reaching inclusion of socialist elements in the new national constitutions drafted after the liberation from fascism in France, Italy and Germany as well as in the expansion of the Keynesian welfare state under the conditions of the rivalry between actually existing socialism and capitalism during the Cold War. In this regard, the actually existing countries of the West were far more "socialist" than classical liberals were ready to accept.

Moreover, the historical antagonism between capitalism and liberalism on the one hand and democracy on the other became forgotten up to the point that they appeared to be synonymous (Wood 1995).

#### A LINEAR HISTORY OF DEMOCRATIZATION? LEGITIMACY IN THE DEBATE ABOUT THE LIBERAL-DEMOCRATIC CAPITALIST STATE

Yet did this mean that capitalism and (liberal) democracy finally entered into a marriage – one which obviously was not love at first sight but now had proven to be faithful and sturdy? Can the history of political power and legitimacy be told as the linear history of an ever-increasing democratization of capitalism? Abstracting from the abovementioned elimination of democracy during the second organic crisis of capitalism, i.e. the "Great Depression," throughout most of the developed capitalist countries of the time (Gill/Solty 2013), the history of the post-war era and, to be precise, the boom period during post-war Fordist capitalism seemed to suggest that this was actually the case. This was most remarkable since the establishment of universal suffrage invoked the question of how the small capitalist minority could protect its private property in the means of production against the wage-dependent majority. How could the capitalist class ensure that its legal-judicial control over the means of production was not abolished via the voting booth?

One reason was the democratization of capitalism in terms of the understanding of democracy put forward by Crouch (2004). The new hegemonic consensus in the capitalist West was that economic liberalism and unregulated capitalism had failed, causing the Great Depression, fascism and war. Leading political economists and theorists such as the American John Kenneth Galbraith, the Dutch economist Jan Tinbergen and the French philosopher and sociologist Raymond Aron were convinced that capitalism and socialism were facing the same general problems and were therefore in fact converging. This notion that capitalism and socialism existed historically within each other (an idea suggested already by the Austrian social-democratic theorist Eduard Heimann in his *Social Theory of Capitalism* published in 1929) was re-articulated in an understanding that capital and labor could be harmonized in a mixed economy under strong corporatist regulation by the state. The strong growth of post-war reconstruction allowed for the short-lived new phenomenon of simultaneously rising profits and



wages. In this “Golden Age” of capitalism from 1950–1973, as Eric Hobsbawm (1996: 225–400) called it, of social and political mass integration the old problems of capitalism appeared to be solved. The point here is that, as a consequence of the temporary economic and political stability achieved by the Fordist regime of accumulation under Keynesian regulation, the necessary and logical debates about the contradictory relationship between capitalism and (liberal) democracy subsided. It necessitated a new organic crisis of capitalism, the crisis of Fordism,<sup>9</sup> to let them resurface and to open up the space for new ways of thinking.

Thus it was not until the next organic crisis of capitalism – the crisis of Fordism, which characterized the period of intensified social and political class struggles of the 1970s – that the debate about capitalism and democracy resurfaced. And in Marxist and Marxian intellectual circles, it took the shape of the crucial international debate about the capitalist state and the question of legitimacy, which preoccupied hundreds of Marxist and non-Marxist theorists alike, including notable intellectuals such as Nicos Poulantzas, Ralph Miliband, Ernesto Laclau, James O'Connor, Leo Panitch, Fred Block, Bob Jessop, Theda Skocpol, Christine Buci-Glucksmann, John Holloway, Sol Picciotto, Elmar Altvater, Joachim Hirsch, Jürgen Habermas, Claus Offe and many other notable theorists. Their goal was to fill the void left by Marx of an actual Marxist theory of the state.

In this debate, the legitimacy question played a particularly prominent role in the works of Habermas (1973) and Offe (2006). Here, in the historic debate about legitimacy (and legitimacy problems) of the state in capitalist society the focus was on the state's so-called double nature. The state was perceived as an institutional arrangement managing the unequal, contradictory and crisis-prone development of capitalist society, which needs to balance two more or less antagonistic functions: on the one hand the function to create a business-friendly situation for capital and on the other the function of legitimacy (and hence social-political integration) by means of (mostly) material benefits to the population. The legitimacy problems seen by Habermas, for instance, reside in the fact that, as long as the private property of the means of production remains sacrosanct and untouched, the (welfare and other) functions of the state in capitalist society naturally depend on the general well-being and “happiness” of the capitalist class and the dynamism of

<sup>9</sup> This is not the place to discuss the causes of the crisis of Fordism. A summary of related debates can be found in Gill/Solty 2013.

capitalist accumulation inasmuch as they are all (debt-) financed by taxes imposed on private capitalist businesses.

This, most Marxist and Marxian state theorists concluded, makes the state in capitalist society a very particular, a *capitalist* state. And, as a result, the state is *not* a capitalist state because of its alleged colonization by the capitalist class (as suggested by Ralph Miliband during the Miliband-Poulantzas debate of the mid-1970s, see further Miliband and Poulantzas 1976), but rather it was conceived as a specifically *capitalist* state because of the *structural power of capital* wielding two crucial weapons: (1) its mobility – politically enhanced through the globalization of capitalism – and thus its ability and power to relocate spatially, and (2) its power of the investment strike (Poulantzas 2002; Gill/Law 1989). The point is that the capitalist class – even though its (investment) decisions have the strongest impact on the lives of the domestic working class majority – cannot be democratically unelected. Instead, the (historical as well as frequently re-occurring) “fiscal crisis of the state” (O'Connor 1973) caused by “spatial fixes” (Harvey 1999), i.e. capital relocation as one competitive strategy of capital vis-à-vis labor unrest (see further Silver 2003), or the investment strikes do not, at least not directly, lead to a de-legitimation of capital but rather to a de-legitimation of the political class and the (austerity-enforcing) state as such.<sup>10</sup>

In a way, the left-wing interpretation of legitimacy in liberal-democratic capitalism put forward by Offe, Habermas and others in the 1970s was simultaneously echoed amongst the – until then marginalized – neo-classical economists and neoliberal theorists who had been hibernating during the late 1940s, the 1950s and the 1960s in institutions such as the Mont Pelerin Society (Walpen 2004; Nordmann 2005), always waiting for the opportunity to implement their ideas (which just happened to coincide with the interests of capital). In their debates it took the form of the pessimistic “welfare state overload” thesis. One crucial historical example of this debate was the 1975 Crisis of Democracy report which Samuel Huntington, Michael Crozier and Joji Watanuki wrote for the Trilateral Commission, arguing that the popular demands from below stifled capitalism and needed to be rolled back (see further Gill 1992 and Gill/Solty 2013).

<sup>10</sup> Of course, the ability to un-elect governments, despite their limited direct control over the private-capitalist economy and hence the general material well-being of the population, functions therefore as a tremendously effective means of offsetting popular discontent.

As a consequence, neoliberal thinkers openly returned to the anti-democratic legacy of liberal thought. And it was no coincidence that, despite their openly professed love of "liberty," they were not opposed to the implementation of their ideas through dictatorships. In fact, their idea of liberty meant the liberty to exploit by means of the capitalist market and included the notion that this specific kind of liberty (see the critique in Harvey 2007: 36-38) was quite compatible with the establishment of dictatorships as the necessary means to unleashing the forces of the market against the will of the majority of populations. Hence, neoclassical economists such as Milton Friedman supported the coup d'état against the democratically elected socialist government of Salvador Allende in Chile and the following Pinochet dictatorship, which was turned into a laboratory of neoliberal policies implemented by Friedman and his "Chicago Boys" amidst concentration camps for Allende's popular supporters.<sup>11</sup> Even after the criticism leveled against neoliberals for their role in the bloody events in Chile, neoliberals openly expressed their contempt for democracy as an obstacle to the freedom of capital. Hence, in 1981 Friedrich August Hayek openly wrote:

Competition is, after all, always a process in which a small number makes it necessary for larger numbers to do what they do not like, be it to work harder, to change habits, or to devote a degree of attention, continuous application, or regularity to their work which without competition would not be needed. If in a society in which the spirit of enterprise has not yet spread, the majority has power to prohibit whatever it dislikes, it is most unlikely that it will allow competition to arise. I doubt whether a functioning market has ever newly arisen under an unlimited democracy, and it seems least likely that unlimited democracy will destroy it where it has grown up. (1981: 77)

This is also why thinkers such as Naomi Klein have argued that, from Chile to the IMF- and World Bank-enforced structural adjustment programs following the Global South's debt crisis of the 1980s and the post-communist fire-sale privatizations in Eastern Europe during the 1990s, shock strategies (creating and) utilizing fiscal states of emergency and dependence on international financial markets were necessary for capital and the political elites to implement neoliberalism due to its general unpopularity amongst the populations (Klein 2008). And the notion of a "shock doctrine" has gained wide currency during the current global crisis including Keynesians such as Paul

<sup>11</sup> Henry Kissinger, National Security Adviser and Secretary of State under U.S. President Nixon, formulated this position in terms of the famous saying according to which the U.S. wouldn't "let Chile go communist because of the stupidity of its own people".

Krugman, who argued that Social Security privatization schemes in the United States amounted to a "shock doctrine, U.S.A." (Krugman 2011).

#### THE RETREAT FROM THE LEGITIMACY QUESTION IN THE MATERIALIST STATE THEORY DEBATE FOR THE WRONG REASONS

If the debate about legitimacy and the capitalist state touch upon central issues regarding the relationship between legitimacy and political power in capitalism, why then did it break off shortly after the onset of neoliberalism? The reason for this was quite simple. Habermas, Offe and others had predicted a deepened legitimacy crisis of the state, which they saw as torn apart by its two aforementioned functions. And yet, the neoliberal turn and thus the gradual dismantling of the Keynesian welfare state did not lead to a growth of social protest similar to the current wave of global anti-capitalist mass movements. On the contrary, the strong class struggles of the late 1960s and early 1970s declined in the face of growing capital mobility and the internationalization of production as well as the rise of disciplining mass unemployment. The abovementioned "cycle of contention" of the late 1960s and early 1970s ended, thus also ending the period of global forward movement of left political forces from 1965 to 1975 that had been based on three pillars: strengthened labor movements in the capitalist West, national liberation movements in the South and a stabilized and progressing real existing socialism in the East. Thereafter a long, uneven process of left fatigue set in. Eventually the old social movements (labor) entered into decline while the new social movements (ecology, peace, women, sexual identity) largely collapsed as mass movements in the first half of the 1980s. At the same time, neoliberal governments liberalizing markets as well as cutting and privatizing public services at the cost of rising social inequality proved to be re-electable not only in the North (Reagan, Thatcher, Kohl) but also in the South (e.g. Fujimori in Peru), indicating that "overload theorists" like James Buchanan predicting an ever-growing state due to popular pressures in liberal-democratic societies had been wrong (Schäfer 2013). As early as the late 1970s, state theorists such as Joachim Hirsch, Theda Skocpol and later Clyde W. Barrow (1993: 120-24) therefore pointed to the fact that the capitalist state might actually prevail, if not based on legitimacy, then on acquiescence, apathy and a limited amount of coercion.

So have both Marxian and neoliberal arguments about the contradictory relationship between capitalism and democracy been wrong? Why should the debates initiated by the 1970s materialist state theorists have any meaning for the theoretical and practical problems of today? The point is that the lack of social mass mobilizations against neoliberalism in the core capitalist countries was largely due to the fact that neoliberalism could, at least in the core capitalist countries, exert hegemonic appeal.

The ways in which it unfolded led to important new theoretical reflections and significant reassessments of the nature of political rule in neoliberalism and their analysis in historically concrete terms (e.g. Stuart Hall's conceptualization of "authoritarian populism" in 1988 and 2011 and "Thatcher populism" in Offe 1994). Further, in more recent years the critical debate in the social sciences has acknowledged that neoliberalism amounted to an absorption, inscription and partial realization, albeit in perverted way, of certain emancipatory demands from the movements of the 1960s and 1970s. As such, a conservative phase of neoliberalism (from the early 1980s until the early to mid-1990s) can be distinguished from a social-democratic phase of neoliberalism embodied by the "Third Way," which came to politically dominate the mid- and late 1990s and early 2000s (e.g. New Democrats, New Labour, *Neue Mitte*), including a situation in which 11 of the then-15 EU member states were governed by neoliberalized center-left parties. These parties, often led by protagonists from the 1960s and 1970s movements (such as Joschka Fischer, Juergen Trittin and Otto Schily in Germany<sup>12</sup>), helped generalize neoliberalism hegemonically insofar as they co-opted the old movements and those elements of their ideas compatible with neoliberalism (Candinas 2004: 330-334; see further Boltanski/Chiapello 2007). For instance, the working-class and women's rebellions against the Fordist factory discipline and the Fordist male breadwinner model could embrace the general idea of a flexibilization of work; the ecological movement inscribed itself into neoliberalism through regenerative energy subsidies and market-oriented solutions to the sustainability crisis such as emissions trading; and the peace movement with its human rights and third-world solidarity discourse was co-opted and transformed into the human rights interventionism starting from the center-left parties' Kosovo War of 1999. So, in other words, the presumed legitimacy crisis of the capitalist state failed to emerge because

<sup>12</sup> On the case of Schily, which remarkably illustrates the liberal undercurrent within the 1960s movements, see Solty 2009.

not only was the power of labor tremendously weakened by the neoliberal globalization project, but also because the opposition was significantly weakened by the co-optation and neoliberalization of significant elements of its own camp. And the emancipation of a new left from these developments is still an ongoing, long-term process comparable to the emancipation of the socialist emancipation project from the liberal one after liberalism's co-optation in the failed 1848 revolutions. Until the unexpected 1871 Paris Commune and the rise of the working-class mass parties, this historic process lasted more than 20 years; and if 1997-98 is seen as the moment of this co-optation (at least in Europe), then we are currently still deep in such a process so to speak (see further Solty 2008b). Nevertheless, soon after neoliberalism's hegemonic generalization, cracks in the edifice of neoliberal hegemony started to emerge. These became visible initially in the South not only in the Latin American project of 21<sup>st</sup>-Century Socialism and the Bolivarian Alternative for the Americas, which repudiated and decried the Washington Consensus as being illegitimate, but, in the Middle East, initially also unfortunately as forms of reactionary anti-imperialism (Depepe/Salomom/Solty 2011); and in the North, too, the contradictions of neoliberalism soon began to articulate themselves both in the form of strong right-wing populisms as well as the rise of old and the emergence of new left formations, placing questions of legitimacy back on the agenda here as well. (On the German case see Solty 2008b.)

In other words, insofar as the 1970s legitimacy debate in materialist state theory underestimated the hegemonic capacities of neoliberalism and overestimated the necessary combination between neoliberal counter-revolution and resistance, it was abandoned for the wrong reasons and may as well realize its potentials only now in the context of the current, fourth organic crisis of capitalism. This is also the reason why influential scholars such as Streeck as well as Klaus Dörre have rediscovered it now, because their relevance might be bigger today than it was during their days of inception.

#### HISTORIC AND CONTEMPORARY TRANSFORMATIONS UNDER CRISIS CONDITIONS: TOWARDS AUTHORITARIAN CAPITALISM?

Generally speaking, it is no coincidence that the global crisis has also paved the way for new methods of thinking about the relationship of capitalism and democracy and a better understanding of neoliberalism as post-

democratization in the Crouchian sense. In his *Philosophy of Right*, Hegel famously remarked, "The owl of Minerva spreads its wings only with the falling of the dusk" (1952: 14). The German dialectical philosopher meant that it was possible to judge and understand a particular period in history, such as neoliberalism, only after a specific era had come to an end and a new era had begun. In *Homebody/Kabul*, the American playwright Tony Kushner paraphrased this recognition when he wrote that "[e]ven the most notorious decade three or four decades later is illuminated from within. Some light inside is switched on. The scenery becomes translucent, beautifully lit; features of the landscape glow; the shadows are full of agreeable color. Cynics will attribute this transformation to senescence and nostalgia; I, who am optimistic, have you noticed?, attribute this inner illumination to understanding. It is wisdom's hand which switches on the light within" (2002: 11-12). In the major crises of capitalism, which were *organic* crises inasmuch as they stretched across various levels (economic, political, ecological, etc.) and had to be followed by a fundamental restructuring of the regulatory structures of capitalism (see further Gill/Solty 2013), such recognitions and a reinvigoration of the question of the relationship between capitalism and democracy (and about the state form of capitalism) could take place – and for obvious reasons: If economic and political orders are no longer hegemonic and rule is no longer based on consent, the need for coercion is reinforced, which immediately poses the question of the legitimacy of political power. The dynamism unleashed by these developments seems to create a cycle of repression and resistance. Therefore it is no coincidence that in the context of the current organic crisis of capitalism we are now witnessing a return of the old capitalism vs. democracy debate.

It helps to remind ourselves that, historically, the first three organic crises of capitalism, i.e. the Long Depression (1873-1896), the Great Depression (1929-1939), and the Crisis of Fordism during the 1970s, have all led to fundamental reorganizations not only of the regimes of accumulation of capitalism but also of the modes of regulations. This includes the question regarding the political form of capitalism. Hence, all the organic crises of capitalism have led to processes of de-democratization as well as (class struggle-induced) democratization (both in the narrow sense of formal political democracy as well as in the larger and more fundamental sense of "social democracy") (Gill/Solty 2013). Thus it is fair to assume that we are currently witnessing a similar process and the task at hand, Hegelian so to speak, is to elevate ourselves to the heights of our own historic time and recognize its processual nature.

In this context, it is important to note that any apodictic statement and ahistorical analysis of the relationship between capitalism and democracy is problematic insofar as the historical and concrete development of the crises of capitalism in their interrelations between the economic, the political and the ideological sphere have always been historically contingent upon the struggles of social forces. Hence, historically, beyond the Soviet path of a planned economy (largely immune to the crisis), based on different historic blocs of class forces the Great Depression could lead simultaneously to two *opposite* exit strategies from the crisis: one largely based on democratization (the New Deal in the United States) and another based on fundamental de-democratization and barbarism (fascism and other authoritarian regimes in continental Europe). The question therefore emerges: If all previous organic crises of capitalism have led to shifts in the relationship between capitalism and democracy, which re-configurations of the political form of capitalism may be observed and expected from the current, fourth organic crisis of capitalism? And which political class coalitions based on which leadership projects could be mobilized for any of them (Solty 2011b)? Are we, at this historic juncture, witnessing and realizing that the particular political organization of capitalism as liberal-democratic welfare states (at least in the core capitalist countries) is today coming to an end? Is capitalism separating itself from the fetters of liberal democracy? Is it possible that what was largely perceived as a marriage of capitalism and democracy, belated as it was after the Second World War and limited as it was in terms of actual economic democracy, was no marriage at all but rather a fling enforced under the very particular conditions of the defeat of fascism, and the democratization that followed as part of the historic compromise between capital and labor in the West and the systems' competition during the Cold War? And what would that entail for the perspectives of the new social protest movements and their ability to effect change in the current conjuncture? Which role does the interrelation between political power and (il-)legitimacy play in this context? And how does this help us explain the riddle mentioned at the beginning of this essay? What contemporary signs exist that we might be moving towards authoritarian capitalism?

Theoretically, it is fair to assume that, in response to the oppositional forces emerging from the right and left during times of legitimacy crises, the role of the repressive state apparatuses also increases. And it is most certainly true that this can currently be observed on various levels. This includes the ways in which states have responded to the threat of the new wave of global anti-capitalist movements. In the U.S., for instance, challenges to capitalist private property have historically been weak given the fact of *American*

*Exceptionalism*. Amongst the developed capitalist countries, the U.S. is the only country that has, in the long run, failed to develop class-based mass parties capable of challenging the status quo of capitalist society and the classical-liberal two-party system (which is at the heart of the role that populism has historically played in the United States; see further Solty 2008a). This failure has had tremendously devastating effects for the (left articulation) of popular demands and mobilization, and it even manifests itself in language.<sup>13</sup> Moreover, it is also the reason for the ultimate de-mobilization of

<sup>13</sup> The contemporary language of the political spectrum in the U.S. – conservative and liberal (in the past, one also heard the adjective “radical,” today one often hears “moderate” or an “Independent”) – still dates back to the era of classical liberalism. One can see how dramatic the difference is when one looks at the meaning of the prefix “social.” In Europe, the recognition of the “social question” in the first half of the 19th century led to the emergence of mass organizations referring to themselves as “socialists” or “social democrats.” From minor reforms to revolution, “social” meant, and still means today, the need to ameliorate or overcome the contradictions of capitalism. As a result, it is regarded as “common sense” that capitalism is inherently un-social, i.e. is inclined to results that most consider to be unequal and unjust. And the successes of the socialists’ challenge to capitalism can be observed in the fact that the prefix “social” was assumed by the forces of the Right which, out of fear of social revolution, aimed to appear as caring about the poor as well as the working class. Hence, “social conservatism” in Europe, most notably in Germany, Austria and France, has historically been the moniker of conservatives critical of capitalism; the usual distinction in historical accounts of conservatism is between “market conservatives” and “social conservatives” (Müller 2007). In the U.S., however, a “social conservative” is what in Europe would be called a “values conservative” or “cultural conservative.” The prefix “social” as a political recognition of the inherent crisis-proneness of capitalism and a reflection of, and bourgeois response to, the self-organization and attempt at self-liberation by the wage-dependent classes does not even exist in the collective common sense of the United States. Instead, being left is widely associated with being a “liberal,” which is ultimately just another word for the top-down perspective of a bourgeois who thinks we should be nice to the poor, either because he or she fears revolts and social disintegration (crime, cultural and ethnic conflicts, etc.) or because he or she thinks higher wages are needed for aggregate demand, i.e. for the stabilization and reproduction of the capitalist system as a whole. In other words, the historic emancipation of the socialist project for liberation from the liberal one, which in Europe was successful over the course of the 30 difficult years following the conservative turn of the liberal bourgeoisie during the Europe-wide 1848 revolutions, in some ways still needs to be (re-)accomplished in the United States. The central question is, however: How is an anti-capitalist movement supposed to be successful if it does not even have its own name, and when the American common sense regards a socialist as someone in historically war-torn and politically unstable Europe, and not as a legitimate political actor on the left of the U.S. political spectrum? Such a movement is bound to remain subordinate to the compromise-oriented section of the bourgeoisie, which is liberal and has historically been connected to the Democratic Party. Of course, this is not to say that the Left in Europe does not have to emancipate itself from the SINO (Socialist-in-Name-Only) parties. Indeed, they have largely converged with the Democratic Party during the neoliberal era inasmuch as their Third Way approaches were modeled after Bill Clinton’s New Democrats. And they

the Occupy movement, since any movement – no matter how strong it initially is or has become – is ultimately going to fade away or collapse if it is not translated into lasting political organizations. With regard to the Occupy movement, this would mean the creation of political organizations oriented towards the formation of class (internally) and becoming (counter-) hegemonic (externally).

Nevertheless, despite the relative weakness of the Occupy movement, even the U.S. state elites have led a coordinated effort against Occupy activists, also playing a significant role in crushing the resistance against austerity. In December 2012 it was revealed that the brutal repression of the Occupy movement from the fall of 2011 had been coordinated as a direct collaboration of the New York City Police Department with the FBI, the Department of Homeland Security and the New York Stock Exchange. All of this had been made possible by means of the centralization of anti-terrorism legislation after 9/11. And while in several locations of the Occupy movement, such as the one in Michigan, the movement had been repressed in a coordinated manner by the local police, the FBI alongside spontaneous amalgamations of the banks, the so-called “banking security group,” the regional central bank collaborated with the FBI in Virginia. In all of this, the democratic Occupy movement was categorized as a “terrorist threat,” which is why Naomi Wolf is correct when she spoke in the *Guardian* of a “totally integrated corporate-state repression of dissent” (2012).

Meanwhile in Europe, where long-lasting left political organizations exist and are mostly represented in European parliaments, authoritarian repression has become a common practice vis-à-vis the anti-austerity opposition. With regard to the Occupy movement it could be seen in the ways in which in Germany, for instance, the rights to public assembly and protests were vehemently violated during the 2012 Blockupy protests in Frankfurt. In Southern Europe, the repression of the opposition has gone even further, including the threat of military interventions against striking public sector workers in Greece.

have undoubtedly been moving institutionally toward becoming (social-) liberal parties: that is to say, parties with increasingly less programmatic orientations, mass memberships, and rank-and-file democracy. The point is that linguistically the distinction between socialism and capitalism is still real in Europe and can more easily be reclaimed by old and new parties to the left of traditional social democracy, such as the German Left Party, the Left Front in France, the Socialist Party in the Netherlands, or the post-communist Scandinavian left parties.

Moreover, the new authoritarian capitalism can also be observed in the ways in which the (U.S.) state has responded to the revelations about its surveillance institutions and practices. This includes the increase in trials and prosecutions against whistleblowers of the practices of Empire such as Julian Assange and Bradley Manning as well as of the practices of global imperial surveillance such as Edward Snowden, James Risen or Jeff Sterling. Similar developments are at stake in Europe where, for instance, many politicians of the new German Left Party, including the direct advisers of the German Left Party chair Katja Kipping, have been placed under state security surveillance.

Even Hayek's strictly anti-democratic ideas, as mentioned above, have not ceased to exist. On the contrary, in Germany for instance they have flourished as a consequence of the difficulties faced by the elites to implement widely unpopular neoliberal economic reforms. In February 2008, the right-wing mass tabloid *Bild* (with a readership of more than 12 million people) responded to the rise of the new German left party DIE LINKE, whose ascent had been in response to the neoliberal reforms of the Schroeder government, by asking on its title page, "Does [DIE LINKE chair Oskar] Lafo[n]taine make Germany un governable?" And after DIE LINKE's success in the 2009 national elections, the former German president and neoliberal right-winger Roman Herzog attempted, in vain, to start a debate around the goal of transforming the German proportional-representation system into a "first-past-the-post" voting system (Herzog 2010), which severely limits the opportunities for new oppositional and anti-capitalist parties (Soly 2008a).

Other intellectuals have gone even further. André Lichtschlag, the editor of the right-wing libertarian magazine *eigentümlich frei*, argued openly in 2006 that "in the future, only those shall have the right to vote who are net-taxpayers, i.e. employers and employees in the private sector." He continued, "Such a disenfranchisement of the unproductive was already considered in the 1970s by the Economic Nobel Laureate Friedrich August von Hayek and has recently been specified by Hans Hermann Hoppe in *Las Vegas*" (Lichtschlag 2006). Hoppe himself was the editor of the first volume in a book series by the German Friedrich Naumann Foundation, the think tank of the Free Democratic Party, which has co-governed Germany for much of the party's existence (including the years from 1982 to 1998 and then again from 2009 to 2013). Strikingly, the first volume of the book series, ironically called "Classics of Liberty," was Ludwig von Mises' book "Liberalism" (cf. fn 18) while the third and fourth volumes featured Mises and the notorious economic right-winger and influential theorist behind Ron Paul, Murray Rothbard. Lichtschlag's argument was then positively received by the politi-

cal columnist of the influential conservative daily newspaper *Die Welt*, Konrad Adam, who continued by saying that, historically,

Only property seems to have guaranteed that the right to vote was made use of responsibly. Only later [...] the capacity to take responsibility for oneself and one's own family as a precondition to the right to vote was eliminated. In light of the difficulties the German state has been facing with regard to liberating itself from the fixation on unproductive elements of the national budget such as pensions, care-work, debt repayment and unemployment, this is quite rightly questioned. In the long run, the preponderance of those who are passive also cripples those who are active and destroys the will to the future. (Adam 2006)

Today, Adam is one of the three party chairs of the right-wing libertarian and right-wing populist *Alternative for Germany* (AfD), a party whose Tea Party-like messages gained it 4.7 per cent of the vote in the 2013 national elections. Meanwhile, another high-profile member of the party, economics professor Roland Vaubel, who sits on the AfD Academic Advisory Board, has written about "the protection of the high-achiever elites in democracy" arguing that Solon's Constitution in Ancient Greece "distinguished between the active and the passive right to vote" and ruled out that "the lower classes could run for office," pointing to the fact that also the German Basic Constitution allowed for the disenfranchisement of public sector workers according to Article 137, Paragraph 1.

Nevertheless, at the current moment and in the foreseeable future, within Germany as well as all the core capitalist countries at least, it seems difficult – if not impossible – for bourgeois politicians to articulate a mainstream political platform demanding an end to universal suffrage and the erection of a dictatorship. The question is: Is it even necessary, from the viewpoint of the economic and political elites, to abolish democracy? Doesn't the riddle mentioned at the beginning of this paper point to the fact that the national elites can rule and do as they please no matter how strong the new wave of global anti-capitalist movement is flooding against their gates? Isn't the ability to channel popular anger against the neoliberal reforms and social spending cuts into the election of oppositional parties, which will then conduct the same kind of policies but with the impression of freedom and electoral choice, a much more stable way of maintaining the status quo and implementing austerity measures? If the lack of responsiveness of the political system to the material needs and popular concerns of the masses allows us to call the current historic moment "post-democratic" in the Crouchian sense, from where does the political power originate that enables governments to ignore the mass revolts from below? Why aren't they pushed (more) into the political defensive as a consequence of these movements? And mustn't they fear losing political control over the situation and over agenda setting? In the

following section, it will be argued that the answer to the problem of the capitalist class's minority to protect its interests against the enfranchised wage-dependent majority can be found in the anti-democratic constitutionalization of capitalist domination in general and the fundamental transformation of statehood and sources of legitimacy in the context of the internationalization of the state in particular. It has enabled a process of elite scale-jumping which appears to be the reason why even under the conditions of capitalism's crisis the elimination of universal suffrage is not necessary because it has guaranteed so far that the new wave of global anti-capitalist mass movements has not been able to affect the status quo of austerity politics.

#### THE INTERNATIONALIZATION OF THE STATE AND THE POLITICAL INSULATION OF THE ECONOMIC ELITES

There are reasons to believe that capitalism may as well maintain universal suffrage and refrain from the most severe forms of outright repression including political mass murder (see further Cox's contribution in this volume); this has to do with the ways in which the bourgeoisie minority has learned how to combine a protection of their economic interests with majority rule, i.e. the universal suffrage granted by liberal/bourgeois democracy. And this is also the result of the fact that the very same development of the expansion of (global) capitalism under the auspices of the American Empire, which formally has appeared as the triumph and universalization of liberal democracy across the West after 1945, has fundamentally changed the foundations of political legitimacy in the capitalist states.

In the context of the internationalization of capitalism in the "grand area" of the West (Shoup and Minter 1978) and after the collapse of the Soviet Union in 1991 across the globe, the nature of the nation-state changed significantly. Led by the United States, the internationalization of production coincided with the internationalization of the state (Cox 1987). To be precise, the internationalization of production, i.e. the emergence of transnationalized value-added chains, multinational and transnational corporations and a transnational capitalist class (van der Pijl 1998; Sklair 2000), was only made possible through the effective internationalization of the state (Pantich/Gindin 2012). Under the leadership of the U.S. state, global institutions were created (e.g. the IMF, the World Bank, the WTO, the European Union, etc.) that helped shape the internationalization of capitalist social and produc-

tion relations. Without them, this project of "globalization" would have been impossible. When the post-war economic recovery and boom came to an end during the crisis of Fordism in the 1970s, these institutions proved to be sturdy and robust enough not to cause a relapse into the kind of protectionism, inter-imperialist rivalries and wars which had characterized the two previous major crises of capitalism, i.e. the Long Depression (1873-1896) and the Great Depression of the 1930s. On the contrary, while tensions emerged between both West and East as well as North and South, the crisis of the 1970s was resolved by the political project of (a deepening of) "globalization" (Borg 2001; Gill/Solty 2013).

However, these "politics of globalization" (Bourdieu) also changed the ways in which political legitimacy is organized today. While the capitalist state during the era of Fordism was oriented towards political integration through *socio-economic* inclusion by means of the Keynesian welfare state structures, these structures have been transformed into "national-competition states" (Hirsch 1996 and 2005). The Keynesian welfare state has given way to "Schumpeterian workfare regimes," i.e. a "major reorientation of social policy [...] away from redistributive concerns based on expanding welfare rights in a national state towards more productivist and cost-saving concerns in an open economy" (Jessop 2003: 258). And while the ideology and practice of progressive-competitiveness and competitive austerity (Albo 1993; Rhodes 1998)<sup>14</sup> has attempted to portray the new economic, social and political order as one that aims at maintaining the old welfare state structures by

<sup>14</sup> Greg Albo defines competitive austerity as "the neo-liberal view" according to which "unemployment is a *specific, individual, voluntary* problem of the labour market [...]. In this view, lowering the natural rate of unemployment depends upon lowering inflation, so that capitalists can have more certainty about their investments, and de-regulating non-market barriers which prevent real wages from falling in the labour market and thus preventing new hires and higher levels of productivity and investment" (1993: 146-47). According to Albo, the project of neoliberalism amounts to the program of "reducing trade union power; minimizing the welfare disincentives to work; improving information flows and labour mobility; leaving investment in training to individual decisions on their 'human capital' needs; and eliminating market restraints, such as minimum wages and unemployment insurance, which limit downward wage flexibility" (ibid.). He continues that the spread of such policy approaches leads to "an unstable vicious circle of *competitive austerity*: each country reduces domestic demand and adopts an export-oriented strategy of dumping its surplus production, for which there are fewer consumers in its national economy given the decrease in workers' living standards and productivity gains all going to the capitalists, in the world market. This has created a global demand crisis and the growth of surplus capacity across the business cycle" (ibid.).

means of the integration into the world market, the role of the state (and of its central banks as well as ministries of economy and finance) is clearly no longer the inclusion of the population by means of full-employment and social policies.<sup>15</sup> Instead, the new “Schumpeterian workfare regimes” have aimed at flanking the globalization of production, creating flexible workers adapted to the lean and mean production methods of the transnational corporations that are being attracted by low labor costs and – especially in the Global South – lax environmental regulations (Moody 1997) as well as – especially in the Global North – tax incentives and subsidies (Panitch and Gindin 2013). This includes re-skilling the de-skilled and creating new workers adapted to the new global social division of labor. And yet, the attempts of neoliberal “market social-democracy” (New Democrats, *Neue Mitte*, New Labour, the Obama-Goolsbee Project of 2007-2008; cf. Solty 2008c) to ameliorate the growth in social inequality between capital and labor and to integrate the working classes into neoliberalism by means of financialization have largely collapsed as a result of the global financial crisis.

In the face of their general unpopularity, which itself has caused a crisis of representation within neoliberalism and “post-democratization” (Crouch 2004), the enforcement of such neoliberal policies has been safeguarded by a dual strategy of (1) the constitutionalization of neoliberalism at the level of transnational institutions and (2) the systematic weakening of the state’s economic-governance capacities through a policy of de-centralization.

#### Capital’s power and the new constitutionalism

The first element of this strategy has been called the “new constitutionalism” by Stephen Gill (1995). Generally speaking, this form of a fundamental disempowering of those particular state institutions which are more responsive towards democratic aspirations and the strengthening of others which are largely immune to democratic pressures has in fact had a long pedigree.<sup>16</sup> The

<sup>15</sup> The goal of inclusion was clearly a lesson learned from the “Age of Extremes,” namely that economic instability leads to political instability. However, as Eric Hobsbawm points out, with the specter of communism gone, mass unemployment no longer manages to produce the kind of fears amongst the economic and political elites it still did during the era of bourgeois fears of socialist revolution (1996).

<sup>16</sup> It is important to note that, as opposed to depictions of this process in the mainstream globalization literature, which (based on a dualistic understanding of states and markets) has dis-

new constitutionalism is itself connected to the ways in which the economic and political elites within capitalism have managed to combine universal suffrage with the legal protection of private ownership in the means of production. This historic lesson of the international bourgeoisie was learned as early as the American Revolution of 1776 and the constitutionalization process that followed. One of the most prominent, earliest observers of the new constitutionalism was Karl Polanyi, who noted that “The American constitution [...] isolated the economic sphere entirely from the jurisdiction of the Constitution, put private property thereby under the highest conceivable protection, and created the only legally grounded [capitalist] market society in the world. In spite of universal suffrage, American voters were powerless against owners” (1957: 225-26). Because of these particular qualities, the U.S. Constitution was also chosen as the role model for the reorganization of class power after the neoliberal turn in the 1970s, which, as was pointed out earlier, was seen as a “crisis of too much democracy” by the transnational economic and political elites (Gill/Solty 2013). The leading neoliberal thinker Friedrich August Hayek had the American Constitution in mind when he wrote *The Constitution of Liberty*, and James Buchanan, another prominent “overload” theorist, used it as a vantage point in trying to restrict the responsiveness of the political system to democratic pressures (Buchanan 1991: 1-64). In all of this, Hayek and Buchanan stood (consciously) in a direct traditional line of (classical) liberal thinkers from Montesquieu, Constant, Locke, Mill and Mises, who all argued in favor of an insulation of political decision-making from democratic control (Losurdo 2008: 42-44). It was in this this line of tradition that Hayek would argue in *The Road to Serfdom* that welfare-state redistributive policies were equivalent to tyranny (of the majority) by “arbitrary” decision-making (2001).

The new constitutionalism thus amounts to the restriction of democratic participation and democratic accountability by means of the particular constitutionalizations that are part and parcel of the internationalization of the state (Gill 2002). This includes, for instance, the construction of the European

discussed this development in terms of “the end of the state,” etc., it was not a weakening of the state as such. Instead, it was a strengthening of particular forms of statehood at the expense of other forms of statehood. Hence, the new constitutionalism strengthened not only the power of capital through shifting sovereignty away from the nation-state and towards international institutions but it also strengthened the Ministries of Finance at the expense of the regulatory state apparatuses of the old Keynesian welfare states, such as the Ministries of Labor, Social Policy, etc.



Union institutions in general and the 1992 Maastricht Treaty in particular, which severely restricted the ability of governments to address social-political concerns by means of its notorious convergence criteria (Gill 1998).<sup>17</sup>

#### Capital's power and federalist de-centralization

At the same time, the utilization of the internationalization of the state and the "new constitutionalism" as a way of insulating economic governance from democratic aspirations was only one element of the neoliberal attempt to regenerate the structural power of capital over labor. Based on the assumption that "the creation of a [democratic] world state probably would be a greater danger to the future of civilization than even war" (Hayek 2006: 229), Hayek and Buchanan (following in his footsteps) oriented themselves towards the American model of de-politicizing economic policy by secluding it from democratic control through the systematic decentralization of government functions, or what Adam Harnes (2007) has called the "political economy of open federalism." Following the understanding that what was needed was "no fight against monopolies but [the] fight against unions" (Hayek 2006: 230-32; 233ff), Hayek wrote: "While it has always been characteristic of those favoring an increase in governmental powers to support maximum concentration of these powers, those mainly concerned with individual liberty have generally advocated decentralization" (2006: 229). The point is that the decentralization disciplines local governments, which are being pitted against each other in their struggle to attract capital investments. Hayek demanded this quite openly when he wrote in favor of "competition between local authorities" (2006: 230). The same principle of de-centralization also proved useful in terms of the starving of the (welfare

<sup>17</sup> It was noted above that these forms of the new constitutionalism were the result of outright dictates from the global institutions acting in the interest of transnational capital, such as through the IMF/World Bank structural adjustment programs. However, the "new constitutionalism" was not always the result of such shock strategies. For example, it is true that WTO trade agreements forced nation-states to give up any idea of a coherent industrial-policy strategy by means of treaty elements such as the equal treatment of domestic and transnational capital. And yet, the surrendering of sovereignty quite often was the result of sovereign decisions made by national governments themselves – a fact that reflected the socially and politically transforming role already played by transnational capital within these social formations (on the case of Mexico, see Barrow 2005).

state) beast, because local governments are then able to offset pressures from below for welfare payments, housing subsidies, improved schools (especially in the U.S. where educational policy has been widely decentralized and to a significant extent privatized) by pointing to the lack of local fiscal resources – given their limited sovereignty with regard to (income, wealth, etc.) taxation – and the pressures of the global market. The neoliberal welfare-state "reforms" such as the *Temporary Assistance for Needy Families* reform by the Clinton Administration (Platt 2004) or the Agenda 2010 by the German social democrats and Greens (Nachtwey 2009) therefore followed this advice closely.

The neoliberal state's balancing act needed to combine universal suffrage with (economic) elite rule by way of the decentralization of (welfare) state functions, and the depoliticization of economic decision-making found a new path during the internationalization of the state. In fact, it was part and parcel of and is intrinsically linked to it. The new institutional arrangements in the form of trade agreements have managed to discipline the "national competition-states" insofar as they tend to effectively rule out any planned industrial policy. For instance, national developmental strategies aimed at economic diversification are difficult, if not impossible, to pursue in the context of trade agreements negotiated under the auspices of the WTO, which requires the equal treatment of foreign and domestic capital. This necessarily subordinates any national government negotiating under these terms to the influence of transnational capital, which benefits from global labor and environmental regulation imbalances. At the same time, foreign direct investment transnationalizes the capitalist class and locks it into domestic state-civil society complexes. Despite the fact that globally mobile capital in a capitalist inter-state system is not a (political) subject in any meaningful sense of democratic theory, it becomes a domestic source of political power shifting significantly the relationships of forces between (globally mobile) capital and (nationally/locally bound) labor.

The new economic governance in the European Union, as outlined above, must be seen in this light. While the direct interference with national budget-policies as well as national wage-policies, as dictated by the EU Troika, follow the line of the new constitutionalism, the systematic de-centralization of collective-bargaining structures follows the notion of the disempowerment of the nation-state by means of its localization. Internationalization and localization are therefore two sides of the same medal. Both pursue the same goal and both are expressions of the tremendously grown power of capital. And they help to maximize this power inasmuch as, in the face of the political weakness of European labor at that level, the transnational forms of state-

hood at the European level tend to be far more responsive to the organized interests of capital (Apeldoorn 2000 and 2002; Bieling 2003).

Thus the answer to our question whether or not the global crisis of capitalism is ending its relationship with democracy must be problematized itself. If by “democracy” the limited form of bourgeois democracy is meant, then, despite all state repression and the declaration of states of emergency with regard to normal procedures in democracies such as strikes, the answer must be “no” – at least for now.<sup>18</sup> However, if that proposition means the increasing disempowering of national parliaments and structures of government by processes of anti-democratic constitutionalization and de-centralization, then the answer can only be “yes.” Largely, the threat of authoritarian capitalism is not a dictatorship, but rather the “market-conforming democracy” promoted by German Chancellor Angela Merkel that combines free elections with the disempowering of the parliament, especially in terms of economic governance (Wingert 2013). The Janus-face of the liberal state, as theorized by Neumann mentioned above, who, as a Left-Schmittian, turned Schmitt’s thesis about the blind-spot of liberalism on its head, is that it oscillates between liberal and authoritarian politics depending on what the interests of the economic and political elites necessitate (suppression of strikes, for instance).<sup>19</sup> Yet, while the state in this crisis undoubtedly advocates extreme

<sup>18</sup> An important discussion, which could not be pursued here, is how the international situation is actually impacting the authoritarian tendencies amongst the core capitalist countries, e.g. the ways in which the tremendous political capacities of the Chinese state have reinforced the widespread disenchantment of (former) liberal thinkers from liberal democracy, including influential neoliberal intellectuals such as Francis Fukuyama and Thomas L. Friedman. This can also be seen in a study by J.P. Morgan that has questioned the usefulness of democracy for the problems ahead (see J.P. Morgan 2013).

<sup>19</sup> In a famous essay Neumann wrote, “[T]he liberal state has always been as strong as the political and social situation and the interests of society demanded. It has conducted warfare and crushed strikes; with the help of strong navies it has protected its investment, with the help of strong armies it has defended and extended its boundaries, with the help of the police it has restored ‘peace and order.’ It [...] has rested upon force and law, upon sovereignty and freedom” (1996: 101). And as Hayek’s previous quote also indicates, the architects and main theorists of (neo-) liberalism never minced words when it came to siding with authoritarianism against the forces of democracy when private property was at stake. Hence, in 1927 Ludwig von Mises welcomed fascism for its role in eliminating the organizations of the labor movement (trade unions, social-democratic and communist parties), writing that “It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has [...] saved European civilization. The merit that Fascism has thereby won for itself will live on eternally in history” (Mises 2005: 30).

measures, constitutionally, outside of the de-facto protectorates in Southern Europe, “authoritarian” today largely means de-democratization through insulation. In that regard, given that the processes described above have been ongoing for several decades, the crisis is only paving the way for the deepening of processes that have been characteristic of neoliberalism for a longer period of time. In other words, any discussion about capitalism and democracy must start by looking at how much actual political power (national) legislative bodies wield (against executive power) and which elements of sovereignty they have lost. And it must start from an understanding of the limits of democracy *within* “democratic capitalism.”

The riddle posed at the beginning of this essay – how it could be conceived that the Portuguese, Spanish and Greek governments have managed to stay in power despite their obvious de-legitimation – must be seen in this light. Far from disempowering the state through “globalization,” the internationalization of the state has merely separated the state’s sovereignty into the three levels and forms of statehood: the inter-/transnational, national, and local. This process was largely elite-driven and aimed at the strengthening of global capital vs. national/local labor. Politically, it has created various distinct spaces and scales of politics.

The new relevance of space as a category not only of capital accumulation but also of politics has been reflected in the new debates within Marxist and non-Marxist geography and the so-called “geographical Marxism” inspired by David Harvey, Neil Smith and others. In terms of political agency, these debates have pointed towards the role of doing and jumping scale as an important element within practical politics identifying, for instance, where the political space is more and less open for political change (Smith 1992).

However, jumping scale is not restricted to the popular masses and their movements. It is just as much a resource of economic and political elites to defend their interests against pressures from below (Brand 2008). The internationalization of the state has thus increased the elite’s room to maneuver by allowing it to insulate the political domain from democratic accountability and control. This often takes the form of quite literal insulation, such as the restriction of free movement of the opposition within the spaces of political power (near government buildings, central banks, etc.). However, the insulation is often directly linked to the internationalization of the state and the opportunities it creates for elite scale-jumping.

In the Portuguese case, for instance, the government can “simply” jump to the scale of the EU and try to receive its “legitimacy” from the “European community”, as embodied by the EU institutions. Even though the Portuguese population is vehemently opposed to the reforms, the EU institutions and the

alleged “legitimacy” granted to them by various other national governments and the political relationships of forces within the EU is helping them fend off democratic pressures from below. While the Portuguese population might not be in favor of the austerity measures, the “Germans” and other Northern Europeans are seemingly so in their embodiments by Merkel, Sarkozy/Hollande, etc. The question is how to tackle this problem of elite scale-jumping in the context of the internationalization of the state. This question will be dealt with in the concluding remarks.

#### CHANGING THE WORLD BY CHANGING POWER: LESSONS FROM ELITE SCALE-JUMPING AND THE PROSPECTS OF DEMOCRACY

The problem of elite scale-jumping presents the new anti-capitalist mass movements with the question of political power and nation-state-based hegemony. The question is how to break up this insulation. The conclusion of the development of the new wave of global anti-capitalist mass movements so far is that in many places in the world they have been stronger than anything else ever seen in their countries before. Nevertheless, they have been unable to effect a change of course and an end to the austerity measures that have caused humanitarian crises from developing countries deep into the heart of Europe, with frequent stories about children in Greece falling from their school desks due to lack of nutrition and street fights breaking out over food bank donations.

The general fate of all social movements is that no matter how strong they are, in the long run they are going to lose momentum. Therefore, waiting for not only a fifth but a quarter or a third of the population to take part in a rally would be a rather naïve idea of how to change the world. Even more naïve would be the argument that as long as less than half of the population is partaking in the demonstrations, neoliberalism and austerity is still hegemonic. As a matter of fact, one of the most striking aspects about the crisis in Southern Europe, for instance, is that this hegemony has been fundamentally dismantled, since, as Mario Candeias points out (with regard to the situation in Spain and Greece):

[The] social institutions have basically collapsed and are being replaced or undetermined by initiatives for informal mutual support of the people [...]. Only the repressive state apparatus does continue to function. The ‘trenches’ of civil society to the point of newspapers and media are dominated by a critique of in-

competent and corrupt governments and of the imperial submission under the European Troika. (2013)

In other words, the (narrowly conceived) state with its coercive power has become in the words of Mimmo Porcaro “the final guarantor of [the ruling classes’] survival” (quoted in Candéias 2013). As a result, this must shift the state and its particular power, which enables the elites to insulate themselves as well as the new economic governance of austerity from democratic control, into the center of attention of those movements that are resisting the misery it has caused across the world.

However, does challenging that power and breaking the insulation of the political system against the pressures from below essentially mean seizing control of the political system itself? Yes it does, but not in traditional means, because it is easier said than done, and the history of anti-capitalist movements and parties as well as materialist state theory from Robert Michels (1966) to Ralph Miliband (1978) are full of accounts of tragedy and failure.

One crucial historic lesson from the 20<sup>th</sup>-century revolutions and revolution attempts at least in the core capitalist countries that was then reflected in the materialist state theory from Gramsci to Nicos Poulantzas has been that hegemony emanates from civil society and that the state is, in Poulantzas’s terms, merely a “condensation of relationships of forces” between social classes *outside* of its apparatuses. In other words, taking power of government with an anti-capitalist perspective will only work if the forces attempting to do so are aware that their political power *inside* the state rests solely on the organized power of the wage-dependent classes and their allies *outside* the state, in society. In other words, breaking up the insulation of the elites from popular pressures will necessitate new political forces emanating from the movements and intrinsically and continuously linked to these movements. These forces must then attack where the chances for effecting change are highest (Deppe 2013a). And this continues to include the nation-state level, which is where hegemony continues to be organized and (il-)legitimacy continues to be felt the most.

And yet, with regard to the European example, outside of Greece (where the radical left party *Syriza* has grown into a major political force close to actually taking over power), these forces have so far been underdeveloped. Political actors have sometimes even forcefully rejected the idea of rebuilding the working class through political parties in order to defend it against attacks from the side of the state on the grounds of a critique of vertical politics. For instance, in Spain the legitimate anger of the movements has also been directed at the Spanish radical left party *Izquierda Unida*, whose at-

tempts at solidarizing with the 15-M movement were met with “water show-ers as well as whistles and boos” (Candeias 2011).

Justifiably, these critiques originate from the real historic experiences of people and their disillusionment with both wings of the socialist movement: the communist parties (compromised as a result of the collapse of state socialism) and the social-democratic parties (compromised through their neoliberalization and the politics against their own members and voters during the 1990s and 2000s as well as the implementation of austerity measures throughout Europe). As a result, neo-anarchist theoretical perspectives gained currency during the 1990s and early 2000s, as their authors and supporters have argued in favor of “changing the world without taking power.” If the experience of the new wave of global anti-capitalist mass movements in general and the riddle of Portugal in particular teach us anything then it is that *not taking power does not change the world*.

This, however, does not allow for a repetition of the old mistakes of delegating political will to state actors. The capitalist state, as outlined above, is and remains a specifically capitalist state and is thus a mechanism only to a certain degree. At some point, the demands from below indeed overload the state. There exist limits to what can be achieved under capitalism and without “institut[ing] reforms that take power over investment decisions away from capital” (Panitch 2013). So much should have been learned from the experience of the crisis of Fordism. The task ahead is to build (in their own specific contexts of economic, social and political development) non-capitalist, democratic forms around the existing state, similar to such attempts during the Bolivarian Revolution in Venezuela or the process of change happening in the Bolivia of Evo Morales. In order not to repeat the mistakes of the past, however, actors who are pursuing this goal of a transformation of the state must keep in mind that all the power of any new anti-capitalist party of a new type rests upon the democratic mobilization outside the state – at all its local, national, and transnational levels. The challenge ahead is breaking through the eternal movement/party dichotomy. Important steps in this discussion have been taken, e.g. with the debates in the German Rosa Luxemburg Foundation about Rosa Luxemburg’s concept of “revolutionary realpolitik” or the notions of the “connective party” and the “mosaic left” put forward by Mimmo Porcaro and Hans-Jürgen Urban, respectively.

The alternative to this scenario of dealing with the problem of elite scale-jumping and the perseverance of capital’s austerity agenda even in the face of the new wave of global anti-capitalist mass resistance is a repetition of the mistakes of the past. As Lenin, whose work contains as many useful insights as errors and should be read historically, correctly noted in his critique of

left-wing radicalism, “Anarchism was not infrequently a kind of penalty for the opportunist sins of the working-class movement” (1999: 38). In other words, the neo-Anarchism of the 1990s and early 2000s was also a reflection of the failure of the old socialist parties to develop viable anti-capitalist politics in and against the state and the general disillusionment with party politics and anti-statism that ensued.

In the context of the role played by the state in enforcing the austerity agenda and “secondary exploitation” (Dörre 2010), however, the old neo-anarchism has become stale. From the works of Marxists to those of post-Marxists such as Chantal Mouffe (2013; see also her contribution in this volume), a new consensus is emerging that political parties are inevitably necessary to achieve political change. The politics of working-class party-building must be tried anew whilst avoiding mistakes of the past. The challenge for the anti-capitalist mass movements is to build such transformative parties whilst keeping their momentum and refrain from institutionalization without extra-parliamentary power. The alternative to this difficult task is never to escape from the dialectic of statism and anarchist society-ism. The goal should be to sublimate it.

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## A CRUX: PERSPECTIVES ON PROTEST MOVEMENTS IN THE MENA REGION

BY LUKAS WANK & PAUL WINTER

Social movements in the MENA region are often confronted with a (semi-) autocratic state apparatus. The paper at hand deals with the question of why genuine protagonists of protest movements are – or at least have been so far – unable to translate their visions into substantial political programmes. Recognising the very differences – from protest movements themselves, to each country involved – we believe that there are common triggers of social uprisings within the MENA region and beyond: Embedded within a neoliberal framework of dominance, societal actors are being forced to alter their programme in favour of powerful strategic actors, trying to enforce tangible self-interests. Throughout a strategic-relational approach, we propose the idea of a systemic crux in the MENA region: socio-economic deficits and a lack of political participation creates a vacuum framed by governmental and global stakeholders.

Implications, overlaps and breaks shall be explored within our paper. We propose a combination of study and reflection: We are aware of the snapshot-character of an analysis as well as sometimes subjective positions. After introducing the theoretical framework of the systemic crux, a micro-case study on Syria closely examines these thoughts. As a conclusion, we provide a personal statement via searching for a “glimmer of hope”.

### OUR APPROACH TOWARDS THE MENA REGION

Before focusing on events in the Middle East, it is important to state our position towards the field of research clearly:

The term “Arab World” or “Middle East” is a constructed political category, which tends to homogenise the very differences existing throughout this region. Such form of representation is being used not only to simplify the manifold cultural characteristics of a region that is much larger than Europe, but also to create a certain form of “Othering”, especially when it comes to the question of orientalism (Olade 2011: 29). The construction of the Middle