

IS IT POSSIBLE TO TAKE BACK CONTROL? DEMOCRACY IN THE AGE OF THE DUAL CRISIS OF NEOLIBERAL CAPITALISM

É possível retomar o controle? Democracia na era da dupla crise do capitalismo neoliberal

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Abstract: This article reconstructs and assesses Wolfgang Streeck's proposal of a Keynes-Polanyi state form and state relations as a pathway to deal with what the author calls a dual crisis of neoliberal capitalism. Streeck argues that this form of state would enable democratic renewal, re-embedding the economy in society. Building on his book *Taking Back Control?* and other publications on democracy, the paper argues that while Streeck offers a compelling account of the structural decoupling of capitalism and democracy under neoliberal globalization, his reconstruction of democratic agency remains normatively underdetermined. The first part presents Streeck's thesis of a dual crisis of neoliberal capitalism, drawing also on complementary insights from Wendy Brown. The second part examines the Keynes-Polanyi model. The final section identifies a theoretical gap. Although Streeck insists that democracy must be redistributive rather than technocratic, he refrains from specifying the institutional and normative architecture capable of sustaining such a project. The article argues that without a more explicit account of democratic legitimacy, collective agency, and institutional mediation, the Keynes-Polanyi model risks relying on the very democratic bases that neoliberalism has eroded. By clarifying this tension, the paper concludes that even though Streeck presents a compelling analysis of the consequences of neoliberal globalization, the author does not fully articulate a feasible pathway for the question of how (if possible) the bases of democratic life could be restored.

Keywords: neoliberal capitalism; neoliberal globalization; global governance; democracy; Keynes-Polanyi state.

Resumo: Este artigo reconstrói e avalia a proposta de Wolfgang Streeck de uma forma de Estado e de relações estatais keynesiano-polanyianas, como um caminho para lidar com o que o autor

chama de crise dupla do capitalismo neoliberal. Streeck argumenta que essa forma de Estado permitiria a renovação democrática, reacoplando a economia à sociedade. Com base em seu livro *Taking Back Control?* e em outras publicações sobre democracia, o artigo argumenta que, embora Streeck ofereça uma explicação convincente da dissociação estrutural entre capitalismo e democracia sob a globalização neoliberal, sua reconstrução da agência democrática permanece normativamente subdeterminada. A primeira parte apresenta a tese de Streeck sobre uma dupla crise do capitalismo neoliberal, com base também em insights complementares de Wendy Brown. A segunda parte examina o modelo keynesiano-polanyiano. A seção final identifica uma lacuna teórica. Embora Streeck insista que a democracia deve ser redistributiva em vez de tecnocrática, ele se abstém de especificar a arquitetura institucional e normativa capaz de sustentar tal projeto. O artigo argumenta que, sem uma explicação mais explícita da legitimidade democrática, da agência coletiva e da mediação institucional, o modelo keynesiano-polanyiano corre o risco de depender das mesmas bases democráticas que o neoliberalismo corroeu. Ao esclarecer essa tensão, o artigo conclui que, embora Streeck apresente uma análise instigante das consequências da globalização neoliberal, o autor não desenvolve plenamente uma solução realizável para a questão de como (se possível) restaurar as bases da vida democrática.

Palavras-chave: capitalismo neoliberal; globalização neoliberal; governança global; democracia; estado Keynesiano-Polanyiano.

Introduction

In the aftermath of successive financial, political, and geopolitical crises, the relationship between capitalism and democracy has once again become a central problem. The neoliberal globalization project, premised on market liberalization, free capital mobility, and the insulation of economic governance from democratic contestation (global governance), has generated not only persistent economic stagnation and rising inequality but also a profound crisis of political legitimacy. Across the global north and south, the erosion of democratic trust and the rise of radical right-wing movements have set the world adrift. The question is no longer whether neoliberal globalization has reached its limits, but whether democratic self-government can be reconstructed under post-neoliberal conditions.

Wolfgang Streeck's recent work offers one of the most forceful diagnoses of this conjuncture. In *Zwischen Globalismus und Demokratie: Politische Ökonomie im ausgehenden Neoliberalismus*, Streeck (2021) presents both a diagnosis of a dual crisis of neoliberal capitalism and an intended solution to such a crisis in what he calls a Keynes-Polanyi state form. The book was translated into English in 2024, under the title *Taking Back Control? States and state systems after globalism* (Streeck, 2024).

I borrow the English title, which refers to, but reinterprets, one of the slogans that mobilized the masses to vote for Brexit here, to propose a reconstruction of Streeck's argument, but also an analysis of his proposed "downward solution" (*Ausweg nach unten*) in the form of the Keynes-Polanyi state form. Streeck's proposal involves a resumption of state sovereignty and the strengthening of democracy to re-embed markets within



democracy.

The article tries not only to present Streeck's argument, but also to evaluate the feasibility of his proposals, especially looking at the possibility of strengthening democratic life, which is necessary, since, as Streeck (2021, 2024) himself argues, the dual crisis of neoliberal capitalism is a political crisis tied to the erosion of the democratic bases of neoliberal states. To do so, I also evaluate previous contributions by Streeck on the issue of democracy, as well as a recent publication in collaboration with Ruth Dukes (Dukes; Streeck, 2023).

The argument proceeds in three steps. First, it presents Streeck's diagnosis of the dual crisis of neoliberal capitalism. Second, it presents and examines the Keynes-Polanyi state form. The third section discusses the issue of democracy in Streeck's proposal and in other works and identifies their normative limitations.

The dual crisis of neoliberal capitalism

The postwar consensus that capitalism had been "tamed" and that Keynesian policies could secure continuous economic growth through full employment was replaced in the transition to neoliberal capitalism. This shift marked the decoupling of capitalism and democracy, which had characterized the so-called *Trente Glorieuses* years.

Streeck (2021, p. 103) argues that the "neoliberal revolution" attacked the postwar settlement that treated the state's mediating role between capital and labor as indispensable, on the grounds that state intervention hindered growth and that its interventions produced more harm than benefit, notably in the form of low growth and inflation, and that the latter, in particular, would hurt the poor more than to the wealthy.

Despite the promises attached to liberalization and globalization, efficient allocation, higher growth, and broad-based gains, globalized neoliberal capitalism has been associated with rising income and wealth inequality, as documented by Piketty ([2013] 2014, [2019] 2020).

The triumph of neoliberalism brought back recurrent economic crises as a defining feature of the present. According to Streeck (2021), recent events point to a crisis of state legitimacy, not only with its citizens but also with capital, which was the driving force behind the process of neoliberal globalization and, with it, the construction of global governance, formed precisely to remove from democratic control the main decisions concerning market liberalization and financial globalization.

This project was disrupted not only by renewed economic crises but also by a



democratic backlash among citizens who no longer believed in the promises of globalization and who came to experience it as a threat, and by inclusionary agendas pursued by the same democratically elected governments that implemented neoliberal reforms.

This has coincided with the rise of the radical right in several countries and, with it, the view that capitalism can persist alongside the erosion, or even abandonment, of democratic life, giving way either to economic technocracy, the dream of the defenders of global governance, or to more overtly authoritarian regimes (Streeck, 2021; Wolf, 2023).

This reveals a dual crisis¹ of neoliberal capitalism. This crisis is not only economic but also political, and both phenomena must be analyzed jointly to grasp both the present conjuncture and the available responses (Streeck, 2021).

This dual crisis affects democratic societies precisely because it is not only an economic crisis, nor only a political crisis. The two dimensions are interdependent. Economically, it takes the form of global growth stagnation, which is manifest at the global level. In contrast, the political crisis manifests itself as a crisis of confidence in political institutions and elected representatives in recent decades, creating openings for right-wing radicalization, as illustrated by recent major movements such as Brexit, the election and re-election of Donald Trump, and also the election of Bolsonaro or Javier Milei. Neoliberal capitalism, nonetheless, persists in a “zombie form”, to use Nunes’ (2022, p. 55-56) metaphor: “staggering, eyes glazed over, repeating slogans mechanically—but still standing”.

The triumph of neoliberalism, paradoxically, also generated the conditions of its own crisis, because alone and without state support, the capitalist machine cannot sustain continuous growth and rising profitability. Conversely, states and political elites, lacking credibility, constrained by neoliberal prescriptions, and trapped by neoliberal globalization, struggle to pursue effective growth strategies (Streeck, 2021).

Wendy Brown’s work usefully sharpens this diagnosis by showing how neoliberalism has not only undermined the foundations of democratic society, as demonstrated by the

¹ It is important to note the meaning used for the word crisis in this section. Here, crisis refers to the dual crisis of neoliberal capitalism as a dual crisis devoid of viable alternatives for improvement, in a Gramscian sense. As Streeck (2021) argues, we are trapped (*Steckengeblieben*) in a situation with no prospect of escape. To represent this, the metaphor of the zombie is quite explanatory and, as Nunes (2022) argues, this may explain its recurring presence in recent popular culture. Like a zombie, neoliberal capitalism persists despite its decay. Despite being in crisis, the hegemony of neoliberalism means it is not perceived as the cause of the crisis, but as its supposed solution and the only possible alternative. “It matters little that excesses and crises are now produced by neoliberalism itself; we no longer live in a crisis of management, but in an era of management through crises” (Nunes, 2022, p. 60, our translation).

author in *Undoing the demos* (Brown, 2015), but also how the rise of the radical right can be understood as an unintended product of neoliberalism, as stated in *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West* (Brown, 2019).

Brown (2015) argues that neoliberal rationality shapes all aspects of life in economic terms, thereby silently dismantling basic elements of democracy, such as vocabularies, principles of justice, political cultures, habits of citizenship, and, above all, democratic imaginaries. Neoliberal reasons have extended across social life and into the state. It reshapes not only political discourse, but also administrative and judicial practices, as well as prevailing approaches to education and culture, recasting them in economic terms. This is more than the “market-conforming” adaptation of democracy, since this stealth revolution dismantles the bonds that make a democratic society possible.

Brown (2019) recognizes, however, that the union between neoconservatives and neoliberals was not a coincidence, since neoliberalism contains a moral component of conservative origin, which makes the present situation a Frankensteinian creature of the “neoliberal revolution”. The point is that neoliberalism not only generated popular backlash because of the harm caused by neoliberal globalization, but also because of the dismantling of social and political foundations, which produced outcomes unforeseen by its architects.

The displacement of democratic politics in favor of a legally secured market mechanism suffered because of the project’s political deficit. As Brown (2019) argues, neoliberal theory and practice so thoroughly sidelined the political and democratic spheres that it prevented neoliberals from theorizing about both domains with sufficient care, which left their project vulnerable, not only to the interests of market domination by large capital’s drive to dominate markets (contrary to the vision of perfect competition in a fully functioning market mechanism), but also to the rise of radical groups with their anti-identity, religious, and ultra-conservative agendas.

The challenge is to find a pathway toward democratic restoration, in a stronger sense, capable of not only addressing the problems faced by the democratic system, but also of building, on that basis, a mechanism through which policies not only of recognition but also of distribution are deliberated democratically, a way in which fundamental political decisions with economic impact are first resolved democratically, and then the best economic form is considered.

Having presented Streeck’s diagnosis, the next section will focus on the author’s proposed solution in the form of the Keynes-Polanyi form of state.



The Keynes-Polanyi state form

For Streeck (2021, 2024), the path for solving the dual crisis of neoliberal capitalism involves a reformulation of regional integration between states. This proposal rests on what the author calls the Keynes-Polanyi state form, structured around small states (*Kleinstaaterei*) that are united but not unified in a common organization.

The basis of the Keynes-Polanyi state model, as the name suggests, is based on the contributions of John Maynard Keynes and Karl Polanyi, but not on the best-known works of either author.

As for the Keynesian element of the proposal, it refers to Keynes' *National Self-Sufficiency* (1933), published shortly after the *Treatise on Money*, from 1930, but still three years before the release of *The General Theory of Employment, Interest and Money*.

In this short essay, Keynes emphasizes the need to rethink the political and economic imaginary in the context of the aftermath of World War I, the end of the gold standard, and especially the Great Depression. For Keynes (1933), the “mental habits and methods of the 19th century” needed to be changed at the turn of the century.

In this way, national self-sufficiency would be an important value, not as an end in itself, but as a way to create an environment that allows other ideas and new alternatives to be developed and pursued, an opportunity for experimentation in favor of creating what Keynes calls an “ideal social republic of the future”.

As for the Polanyian element, it comes from an article titled *Universal Capitalism or Regional Planning*, published shortly after the end of World War II and a year after *The Great Transformation*. In this scenario, Polanyi looks at what he calls the “organization of international life” and, with it, the geopolitical organization and capitalism in the postwar period, he sees two possible paths, one focused on the past, represented by the United States and its quest to consolidate its hegemony, and another by Great Britain and the Soviet Union, which pointed to a multipolar world.

Polanyi points out that the context of international economic relations, what he calls the “foreign economy”², what would today be called as the external sector of the economy, pointed to the possibility of a new pattern of international relations based on the construction of regional systems that coexist side by side and which, within their scope, stipulate common rules on economic issues of regional interest, without the need for a global order and without

² As Polanyi (1945) explains in a footnote, by “foreign economy” he means the movement of goods, loans, and payments across a country's borders, transactions that are now recorded in the balance of payments.



depending on bilateral relations between states.³

The relevant point here is not the historical accuracy of Polanyi's diagnosis, but his indication of regional planning as a multilateral international order distinct from that seen not only in 19th-century capitalism, but also in the following years, both in the Bretton Woods System and in neoliberal globalization.

Polanyi highlights the need for an international system that allows the integration of domestic economies with the rest of the world, the "international economy", and that deals with the distribution of raw materials, price stabilization, and the guarantee of full employment in all countries. "The alternative to the reactionary Utopia of Wall Street is the deliberate development of the new instruments and organs of foreign trading, lending and paying, which constitute the essence of regional planning" (Polanyi, 1945, p. 6).

Regional planning, in this sense, provides space for the strengthening of democracy and, with it, national sovereignty. On the other hand, it does not mean that the expectation of a resolution to the problems of an increasingly globalized capitalism lies exclusively in the sphere of states, without an international order. On the other hand, there is no expectation of constructing a global order that integrates all countries and provides the means to democratize their relationships.

Based on Keynes and Polanyi, Streeck (2021) presents an alternative path that emphasizes the role of nation-states as entities endowed with the capacity for democratic self-government that can not only draw the boundaries of the economic from the political but also ensure the primacy of society over capitalism.

Two elements are fundamental to this perspective on a state organization capable of confronting the commodification of everything promoted by capitalism in its neoliberal phase.

First, states remain the primary site for the exercise of democratic citizenship in ways not visible in international institutions, a citizenship capable of forming a democratic will in the sense of controlling capitalism and its relation to society, rather than the opposite. The first relevant point, then, is that states remain an instance that can allow control over capital accumulation.

The second element is the sovereignty of the nation-state, a sovereignty that allows

³ Polanyi (1945) does not make clear what these systems are, but from his mention of the United States, Great Britain, and the USSR, it is reasonable to infer that the world would be divided between these areas of influence, perhaps including France as another former colonial power. In this vein, the world would be marked by the area of influence of the countries covered by the Soviet Union, the countries of the British Commonwealth, France and its former colonies, and the United States and its area of influence at least in the Americas, as a result of the Monroe Doctrine.

democratically constructed will to be applied within the national territory. Of course, one cannot be naive and fail to recognize that challenges to national sovereignty remain recurrent. Thus, for the state to be capable of sovereignty, a non-imperial global order is necessary, one that allows state sovereignty to be more than a mere facade.

The Keynes-Polanyi state emerges as a structure that maintains a friendly distance from economic and political relations with other states. Friendly, because there is an openness to exchange and cooperation, but at a distance, because the state protects the freedom of choice and trade of its population. “The state aims to protect its politically represented citizens from every kind of involuntary dependency, and to guarantee their ability to form a political will of consequence – that is, to exercise state sovereignty” (Streeck, 2024).

In this proposal, the element that refers to Keynes points out that, in balancing internal and external relations, the state prefers to internalize economic and trade relations, even at greater economic costs, provided that these costs represent gains in other areas relevant to society and on terms defined by society itself.⁴ Although there is a trend toward self-sufficiency, this does not mean sliding into isolationism, which would make exchange and cooperation between countries impossible. The Keynes-Polanyi state is thus characterized as a structured articulation between domestic and external relations, promoting a balance between the internal and external complexity of state relations.⁵

This type of state can enable the construction of a distinct international order, one that is cooperative-confederal (*genossenschaftlich-konföderal*), horizontal rather than vertical, and this is where the Polanyian element of the model comes in. This is an order of states willing to cooperate, a willingness that arises first from regional interests, then extends to relations with other regions, and in international relations, states treat other states as autonomous and willing to cooperate. The desired regional integration, therefore, is not in the sense of a quasi-federal order, such as that of the European Union (EU).

In the Keynes-Polanyi system of states, political economy is the result of fragile, historical, and territorially localized compromises between the dynamics of capitalist

⁴ Non-economic values include minimizing external dependence and promoting a minimum level of social stability. Thus, even if trade beyond national borders may promote greater specialization and capital mobility, i.e., a more efficient allocation of resources, these results may be undesirable in a Keynes-Polanyi state, as they generate unacceptable external dependence or an unacceptable separation between ownership and responsibility for capital. Further concerns include the danger of imperialist intervention in other states by investor interests.

⁵ Streeck (2021), however, does not specify the areas in which there would be a preference for internal and/or external relations, leaving this as an open question.



accumulation and social life. According to the Keynesian formula, the Keynes-Polanyi state paves the way for the search for the “ideal social republic”, based on different forms of composition of the relationship between capitalism and democracy, which do not conform to an ideal market economy model, neither that of laissez-faire capitalism, nor that of the welfare state, nor that of neoliberal capitalism. Thus, the compromises between capitalism and society will vary from state to state, according to both internal and external conditions that make one modality more favorable. Moreover, these compromises will be the subject of a democratic-political decision (Streeck, 2021).

Streeck (2021, p. 442) neither provides nor intends to provide an answer as to exactly how such a state could be formed and what its relations with other states would be. Thus, it is easier to specify what this state form is not. The Keynes-Polanyi state is not:

- a) A member state of the European Monetary Union, which surrenders its ability to make monetary policy to an international institution such as the European Central Bank, subjecting itself to a common currency regime;
- b) A state that has a debt ceiling and a limit on budgetary spending, as imposed by both the Maastricht Treaty within the EU and the German *Schuldenbremse*;
- c) A state that is part of a zone of free movement of goods, services, capital, and labor;
- d) A state in which conflicts or doubts are resolved by an international economic court, not constituted by a democratic legislator, and whose decisions are not subject to revision.

It is noticeable that the above examples are very much directed at the EU and the author's criticism of the bloc and the possibility of European integration. Similarly, Streeck states that a Keynes-Polanyi state will not be one that fits the neoliberal dream model of the state.

Streeck's (2021) argument also advances the following points: (a) small states have an advantage over large states, (b) the Keynes-Polanyi state does not advocate a return to patriotism, and (c) the Keynes-Polanyi model may have a better capacity for action and thus better deal with crises.

The first point is a defense of smaller state structures. From an economic perspective, there is an impression that larger states perform better and that, therefore, increasing the size of the state generates economic advantages. However, Streeck (2021) seeks to prove the opposite: that there is a negative correlation between the economic performance of an economy and its size, citing as an example the fact that smaller countries in the European

Union have higher average growth than medium-sized or larger countries, have higher levels of equality, and are less indebted.⁶ Referencing Jörke's (2019) studies, the author defends that democracy tends to function better in small states than in large ones. Larger states are more diverse, considering their regions and the populations, and greater diversity has negative impacts on the ability to form a common will, thus weakening the possibility of forming a democratic will and increasing the need for central power to control the state.

A second point considers that states' pursuit of national self-sufficiency does not go hand in hand with the promotion of a form of nationalism or even a new patriotism. The Keynes-Polanyi state remains open and connected to the rest of the world. The issue itself is to prevent the free movement of capital around the world and the possibility that the "foreign economy" will be driven by the self-regulating criteria of the market. This model of the state, therefore, is not closed to cosmopolitanism or a collaborative perspective between different states.

Thirdly, the Keynes-Polanyi model of the state can confer a new capacity for political action that globalized neoliberal capitalism has removed by emphasizing the state's democratic and sovereign characteristics. This process, Streeck (2021) points out, could be promoted by and as a form of revitalization of democracy.

Streeck (2021) also points out five issues that the Keynes-Polanyi state needs to resolve in order to follow a path different from that of globalized neoliberal capitalism: (a) the reduction of global production chains and a reconditioning of production systems in the nation's territory, which is connected to (b) the adoption of protectionist measures, and (c) the internalization of the production process, aimed at strengthening the domestic market, (d) the strengthening of the foundational economy or everyday economy, and, finally, (e) addressing the issue of capital accumulation and reducing dependence on foreign capital, especially financial capital.

A first issue is the shortening of global production chains, so as not to be dependent on relations with other states, as well as to avoid conflicts with other states, promoting partial autarky, to avoid the risk of being blackmailed in the international game due to external dependence or even to avoid dependence on countries whose production is more competitive or cheaper due to human rights violations (Streeck, 2021).⁷

⁶ For the purposes of the research, size was defined based on population, not territorial area.

⁷ Streeck (2021) reflects on and cites the discussions that arose in the context of the 2022 Winter Olympic Games in China or even the 2022 World Cup in Qatar, and the support for states that oppress their workers or certain social groups and minorities. The author also highlights the issue of social networks, which are presented as public infrastructure but are in fact private networks under the control of foreign groups.

The second point points to a more protectionist attitude on the part of states, mainly to undo the order established based on globalized neoliberal capitalism, with a view to reducing dependence on foreign production.⁸ Here again, not only the structure of national planning comes into question, but also the state's regional planning policy with its neighbors and close partners. This regression of production to the region corresponds to “make more, buy less” (Streeck, 2021, p. 466). It must proceed incrementally, with the design to shield domestic production from price competition from cheaper foreign goods.

Connected to the previous point, the third aspect indicates that the exit from neoliberal economic globalization also involves a process of growth based on domestic consumption, as well as the improvement of public goods and services that can favor better national development, such as public transportation and logistics systems, the health system, public safety, the school and university system, and also the physical and social networks related to socialization (Streeck, 2021).

The fourth point, connected to the previous one, is the strengthening of what can be called the everyday economy (*Ökonomie des Alltagslebens*) or foundational economy, the set of goods and services that enable a normal modern life, such as: a) public transportation system; b) healthcare system; c) social security; d) schools and the university system. In other words, the physical and social networks that enable a society to function.

These types of goods and services are public in nature, in the sense that they are either provided directly by the state or provided by private initiative, regulated by the state, and can be subject to democratic choice or self-determination. They can be considered goods and services belonging to an “everyday communism” within a still capitalist order (Streeck, 2019). These public goods and services can be expensive and are therefore constantly threatened by capital's pursuit of privatization to profit from their provision.

Finally, the challenge for a Keynes-Polanyi state is to become less dependent on global capitalism, which involves reducing exposure to and dependence on foreign capital inflows and withdrawing from international norms related to free trade and the free movement of capital. Returning to Keynes, the economy needs to be national, but above all, the financial system, and this would be the path to less international dependence, leaving countries less susceptible to crises generated by the capitalist system.

In addition, this includes the challenge of combating tax evasion and promoting

⁸ The COVID-19 pandemic, for example, has highlighted the costs of concentrating most of the production of electronic circuits (semiconductors) in Southeast Asia, with a severe shortage of materials in all countries.

capital controls, as well as cultivating the country's own capital through common ownership or cooperatives, minority state participation in large companies of strategic importance to the country, and new forms of ownership for housing purposes, whether individual or collective. All these possibilities, within and beyond the spectrum of capitalism as we know it today, are open to discussion within the Keynes-Polanyi model of the state.

The measures presented here point to a radical re-democratization of capitalism, an effort to make the capitalist economy compatible with an egalitarian public opinion, which may indicate the construction of a participatory economy (*Beteiligungsökonomie*), a form of economic democracy that leads to the material reproduction of society.

Having presented the Keynes-Polanyi state, the following section will discuss how Streeck defines democracy within his proposal.

Democracy? What kind of democracy?

I now turn to the issue of democracy, since Streeck argues that the process of re-embedding would make it possible to restore democratic control of capitalism. However, we do not know what form this democracy would take.

Streeck himself discusses the corrosion of the foundations of democratic society, not only in his 2021 book, but also in other texts, notably *Citizens as customers: considerations on the new politics of consumption*⁹, or his review of Wolfgang Merkel's article on the compatibility of capitalism with democracy, both published as chapters in *How will capitalism end?* (Streeck, 2017). Nevertheless, the author does not make it clear how democratic restoration would be possible.

Streeck says very little about what kind of democracy he envisions. In his 2021 book, he states that democracy in the Keynes-Polanyi state points to a regime in which citizens become responsible for their own destiny, through self-defense and self-administration, as an active pursuit of social interests and solidarity in a form of active action, instead of a "passive-regressive" wait for a cure or a politically correct profession of faith.

Still, Streeck (2021) does not make clear what democracy means or even what the normative foundation of democracy is as he conceives it. Streeck clearly does not conceive of democracy as a mere mechanism for aggregating individual preferences, nor does he

⁹ In this text, Streeck (2021) demonstrates how the advance of consumerism in the glorious thirty years, but especially after the neoliberal revolution, goes hand in hand with people's decreased interest in politics and also in access to public goods and services, instead of goods and services provided by the market. Consumption brings social differentiation and status and is less demanding than being a citizen and having access to public goods and services, which do not bring social distinction.

unquestioningly trust the current representative democratic model. However, there is little clarity about what model of democracy could operate within a Keynes-Polanyi state, even though it is possible to find occasional criticisms of a deliberative perspective on democracy, insofar as it promotes democracy as a cosmopolitan moral stance (*moralische Haltung*) rather than as a plebeian institution (*plebejischen Institution*), which results in democracy as a de-proletarianized value system (*Demokratie als entproletarisiertes Wertesystem*).

Streeck (2021) also points out that the Keynes-Polanyi state model can allow democracy to represent citizens' effective responsibility for their collective destiny, a form of self-defense and self-government that enables self-responsible community practice. Although, once again, the author does not offer a more robust perspective on the form of democracy that would allow these objectives to be achieved, or even whether democracy is not another institution co-opted by neoliberal capitalism to such an extent that the proposed path may prove unviable.

As an appendix to the English edition, Streeck (2024) presents a list of his proposals regarding the state, international relations, the size of the state, democracy, capitalism, neoliberalism, and Europe. Interestingly, the number of proposals regarding democracy is the smallest of all, involving three points:

- 1) There is no democracy outside a state, nor can there be a democratic state without state sovereignty;
- 2) The possibility of national state democracy depends not only on national conditions, but also on international conditions, both structurally and institutionally;
- 3) The future of democracy today, supported by state sovereignty, depends on the United States renouncing its claim to rule the world, voluntarily for internal reasons and involuntarily for external reasons—that is, the loss of domestic political support or international military superiority.

These propositions do not tell us what kind of democracy would be appropriate for the Keynes-Polanyi state, much less specify what elements would need to be transformed in democracy as we see it today, unlike their propositions on the end of the EU and its greater limits on the exercise of national sovereignty, or the challenges for deglobalization aimed at a multipolar world.

In the absence of a clear definition, I therefore turn to a Streeckian perspective on democracy in previous publications. As a starting point, I note that in his review of a text by



Helmut Wilke¹⁰, Streeck (2020) proposes classifying the different conceptions of democracy into two groups: (a) those that conceive democracy as problem-solving and (b) those that conceive of it as redistribution.¹¹

The former theories, Streeck argues, treat democracy as a matter of efficiency and competence, concerned with society. For them, a good democracy is the best technocracy. The second type foregrounds questions that are usually relegated to the background, making it more difficult to convert public power into private advantage. It is plebeian rather than academic; it touches life as it is and serves as a constant warning to anyone in a position of power not to consider their own interests as the interests of all people.

Clearly, of the two groups, Streeck's conception is closer to the second strand, which he calls redistributive, even though the first group spearheads Streeck's criticism of what democracy has become under neoliberal capitalism and of the attempt to castrate democracy through the global governance project.

Another important contribution on the subject can be found in Streeck's comments on Wolfgang Merkel's article (2014), which asks: *Is capitalism compatible with democracy?* In his assessment, Streeck (2017) considers that the only way to make capitalism, especially in its neoliberal form, and democracy compatible is to build a Great Wall of China between the two, that is, sterilizing the redistributive power of democratic politics, while continuing to rely on electoral competition to produce legitimacy for free-market outcomes, protected from egalitarian "distortion". In other words, the way to make democracy and capitalism compatible is to prevent democracy from being functional.

What is most interesting about this debate is not Streeck's assessment of Merkel's verdict. Rather, Streeck reveals a concern with any theorist who evokes the image of "intelligent design" to choose, among different options, the arrangement most likely to achieve the desired result. Streeck here refers to the Marxian "general citizen" to say that this exercise points to an attempt by the theorist to direct processes that are inherently social and subject to conflict, in which the fundamental categories are class and power.

Capitalism and democracy, as well as their interrelationships, are the result of specific configurations of class relations and class interests that have evolved historically from the distribution of political power among classes.

¹⁰ The text is *Demokratie in Zeiten der Konfusion*. Streeck (2021) discusses Willke's book as an example of global governance as a technocratic utopia.

¹¹ In the 2021 book, Streeck (2021) briefly discusses two models of democracy, which are in line with the categories presented in Willke's review, but under new names. What Streeck (2020) called democracy as problem-solving is called liberal democracy, while democracy as redistribution is called social democracy.

Furthermore, capitalism and democracy simultaneously support and undermine each other. While economic equilibrium is necessary for a democratic society to guarantee private appropriation of the social product, it is jeopardized by the policies necessary to make the process of private accumulation socially acceptable. In contrast, political equilibrium is necessary to produce consensus, including with capitalism, it is threatened by policies necessary for the production of economic equilibrium.

Streeck (2017) concludes by stating that, to bring capitalism back under democratic control and thus save it from extinction, deglobalization was necessary. What we can see is that Streeck is not committed to presenting his own definition of democracy and does not regard it as the theorist's task to design a democratic model compatible with his Keynes-Polanyi model of the state. To do so would be to use the author's language, to favor a new form of democracy as problem solving, rather than democracy as redistribution, thereby stripping democracy of its popular character and giving it the elitist character so criticized by him.

Even though Streeck is clearly not committed to proposing an institutional design more appropriate for his Keynes-Polanyi form of state, he should provide a clearer image of which institutional mechanisms would allow popular control over capital. If the Keynes-Polanyi form of state has the task of dealing with several issues to depart from the order built by neoliberal capitalism, the question of how all of this would be possible remains open.

The path to reconstruct the social bases of democratic life is not presented by Streeck. Perhaps the title of a more recent publication, co-authored with Ruth Dukes, is indicative of where Streeck is looking. In *Democracy at Work: Contract, Status, and Post-Industrial Justice*, Dukes and Streeck (2023) seek, in the convergence between labor law and political economy, a path for rebuilding the imaginaries regarding the world of work, its protection, and also the organization of workers. As the authors make clear in the preface: "our focus is on labor law, on the role it can or could play in regulating or re-regulating the world of work after the neoliberal revolution" (Dukes, Streeck, 2023, vii). Even though the book in itself does not indicate precisely how the resignification of labor law and related recent phenomena could constitute a pathway for rebuilding the eroded demos.

Conclusion

This article argued that while Streeck offers one of the most compelling diagnoses of the dual crisis of neoliberal capitalism, his proposed Keynes-Polanyi state form presupposes democratic capacities that neoliberalism itself has systematically eroded. The re-embedding



of markets within sovereign state structures requires more than institutional redesign; it presupposes a form of democratic will-formation capable of sustaining redistributive politics under conditions of fragmentation, inequality, and political distrust.

Streeck is explicit in rejecting technocratic and cosmopolitan models of democracy, favoring a plebeian and redistributive conception instead. Nevertheless, he refrains from specifying the normative and institutional architecture through which such a democracy could be reconstructed. The absence of such specification is not merely a theoretical omission. It reveals a deeper tension at the heart of his thinking: the aspiration to restore democratic sovereignty without a fully articulated account of how democratic agency itself can be reconstituted.

If the dual crisis is both economic and political, then any viable response must address not only the structural constraints imposed by global capitalism but also the sociological and normative conditions of democratic life. Without confronting the erosion of democratic imaginaries, solidarities, and institutions, the project of re-embedding capitalism risks relying on the very capacities it seeks to revive.

Clarifying this tension does not invalidate Streeck's contribution. On the contrary, it highlights the urgency of integrating critiques of neoliberal globalization with a more explicit theory of democratic reconstruction. The future of post-neoliberal political economy ultimately depends not only on the reassertion of state sovereignty, but on the reconstitution of democratic agency itself.

In this sense, further investigations within Streeck's critics of the dual crisis of neoliberal capitalism, and his proposed solution in the Keynes-Ponanyi form of state, should investigate how to restore the basis of democratic life, if such bases have been eroded as a result of neoliberal globalization, and also what kind of democracy would allow such a form of state to restore democratic control over the economy.



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