

Speculations on the Stationary State

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A crisis occurs sometimes lasting for decades. This exceptional duration means that incurable structural contradictions have revealed themselves and that despite this the political forces which are struggling to conserve and defend the existing structure itself are making every effort to cure them within certain limits and to overcome them. These incessant and persistent efforts (since no social formation will concede that it has been superseded) form the terrain of the conjunctural, and it is upon this terrain that the opposition organizes.

Antonio Gramsci, *Prison Notebooks*

WHAT IS THE HISTORICAL SIGNIFICANCE OF THE IMPLOSION OF NEOLIBERALISM, coming less than twenty years after the collapse of the Soviet Union? A disconcerting thought experiment suggests itself. The USSR, it might be recalled, had reached the summit of its power in the '70s, shortly before stumbling downward into a spiral of retrenchment, drift, and collapse. Could a comparable reversal of fortune now be in store for the superpower of the West, resulting in one of those old-fashioned "ironies of history"? In their own ways, both bureaucratic socialism and its vastly more affluent neoliberal conqueror concealed their failures with increasingly arbitrary *tableaux économiques*. By the '80s the GDR's reported national income was revealed to be a statistical artifact that grossly inflated its cramped standards of living. But in the same decade, an emerging circuit of global imbalances was beginning to generate considerable problems for the measurement of capitalist wealth. The coming depression may reveal that the national economic statistics of the period of bubble economics were fictions, not wholly unlike those operative in the old Soviet system.

Of course, the recurring crises of capitalism are supposed to be different from the terminal stages of noncapitalist civilizations and modes of production. Such social orders seem to have



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lacked capitalism's distinctive capacity for creative destruction, for periodic renewal through downturns that liquidate inefficient conditions of production and life-forms and open up frontiers for the next round of expansion. In accordance with this pattern, nearly all commentators on today's economic meltdown have assumed that this Schumpeterian tale of crisis and renovation will repeat itself in one form or another. But is it, in fact, inevitable that new phases of accumulation will emerge from the aftermath of what now promises to be an enormous and protracted shakeout? I would like to propose that this scenario of capitalist renewal is distinctly less likely than a long-term drift toward what the classical political economists used to call "the stationary state" of civilization.

GROWTHLESSNESS

From Adam Smith to John Stuart Mill, early theorists of the wealth of nations were pessimistic about their societies' long-term prospects for growth and assumed that the productivity gains from specialization and the division of labor would be thwarted after a certain point by the exhaustion of the soil and population increase. The historian E. A. Wrigley writes:

For reasons cogently argued by Smith and his successors, the momentum of growth was expected to peter out after a time, arrested by changes endogenous to the growth process itself, and giving rise in due course to the supervention of the stationary state. Moreover, the classical economists were unambiguous in doubting whether even the then prevailing level of real wages could be sustained indefinitely. Future falls were more probable than future rises. A steady and substantial improvement in real wages for the mass of the population was a utopian pipe-dream, not a possibility that a rational and well-informed man could plausibly entertain, however much he might wish to see it occur.¹

The passage suggests why Adam Smith and his contemporaries might have thought that a stagnant eighteenth-century China was in some sense ahead of contemporary Western Europe. Having exhausted the sources of further productivity growth, China had entered, inevitably, on to the path of secular involution: *de te fabula narratur*. Of course, this pessimistic verdict on civilization's *longue durée* was overturned by subsequent great waves of capitalist expansion. Marx's later critique of political economy was, in part, an attempt to reconceptualize this tradition's classical, preindustrial pessimism regarding the external, natural limits to economic growth, transforming it into an account of an ever more difficult to surmount socioeconomic impasse of accumulation.

For more than half a century, such attempts to theorize the ultimate limits of capital were relegated to the political and intellectual margins. In the 1920s and '30s contemporaries of vary-

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¹ Edward Anthony Wrigley, *Continuity, Chance and Change* (Cambridge: Cambridge University Press, 1990), 3. Pessimism was perhaps the wrong word for Mill, who wrote in 1848: "I cannot, therefore, regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition. I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress." John Stuart Mill, *Principles of Political Economy* (1848), pt. 2, chap. 6, § 2.

ing political persuasions had concluded that capitalism was coming to an end and were surprised by its stupendous post–World War II recovery. This great comeback discouraged the more prudent from thereafter contemplating a capitalist crisis deep and long enough to put a question mark over the future of the system. Today, so soon after its late twentieth-century triumphs, it might seem incredible that anyone would seriously call into question capitalism’s historical viability. The matter was supposedly resolved circa 1989. Departing from this consensus, I propose that the coming era of socioeconomic shakeout and contraction—the harvest of unresolved economic problems going back to the 1970s—is being compounded by a drift in the economically most advanced regions toward a stationary condition. The coming period will be shaped by the convergence of a conjunctural crisis of accumulation with ongoing epochal shifts in world capitalism—in its technological bases, demographic patterns, and international division of labor—that will continue to diminish its capacities for sustainable growth. In what follows, I will highlight some of the main dimensions of this dual crisis and consider the forms of politics that may take shape within the contours of structural decline and transformation. What lies beyond the horizon of the current defensive nationalizations and bailouts of a faltering status quo?

PERIODIZING THE PRESENT

Historians have long been preoccupied with the problem of decline and fall of communities, of the ways in which modes of life come to an end through structural change, extinction, or involution into semblances of what they once were. Whoever considers the problem of qualitative historical changes today can draw upon various traditions of thinking about the moment, or whole period, when some order of human things ceases to exist. There are punctuated collapses—the conquest of pre-Columbian civilizations, the overthrow of the French Old Regime, the self-liquidation of the Soviet bloc—as well as those drawn-out transitions of which no contemporary was cognizant, like the decline of ancient slavery and the passages to feudalism. How then might the ends of capitalism unfold, over what time span, and along what dimensions?

The defining, expansionary drive of capitalism ($M-C-M'$) depends upon a vast array of supporting and partly autonomous infrastructures and dynamics. Seen in this light, the current predicament of capitalist civilization is not simply a matter of a cumulative logic of economic stagnation. I will argue that an emergent trend line of secular deceleration has been exacerbated—“overdetermined”—by mounting problems of demographic disproportion, ecological deterioration, politico-ideological delegitimation, and geopolitical maladaptation. Nature, culture, war: the expansionary socioeconomic drive that partially totalized these different historical dimensions into a world system may now be faltering, leaving disparate elements and tendencies of the old regime to persist, with indefinite life spans. Perhaps it would not take many generations for a nondynamic capitalist order to evolve into an inegalitarian, drifting postcapitalism. In any event, it is safe to assume that the ends of capitalism will be as unprecedented as everything else about it has been.

Although all capitalist crises stem from anarchic, self-undermining processes of expansion, this self-undermining has failed to adhere to a general pattern and assumes novel forms in every conjuncture. Exit from a global economic deadlock took one course after 1873 (a gradual shakeout, without a precipitous collapse of output or living standards, eventually releasing the upturn of the 1890s) and another after 1929 (a cathartic purge of the system by a severe depression, resolved only with the outbreak of war). Each major crisis of capitalism has unfolded in a new social and technological context that has given a specific shape, frequency, and duration to crises of

accumulation. In what follows I will attempt to identify the main social and technological developments that have led to the current phase of intensified global economic turbulence.

THE LONG 1970s

The last three decades of neoliberal capitalism can be characterized as a prolonged, unsuccessful attempt to transcend the world economic crisis of the 1970s. Robert Brenner argues that the basic source of today's crisis is the diminished vitality of the advanced economies over the entire subsequent period.² This deceleration is the result of a long-term decline in the rate of return on capital investment. Brenner shows that despite a subsequent reduction in the share of income going to wages and benefits in all the leading economies, the rate of profit failed to recover after the '70s due to a persistent overcapacity in global manufacturing industries in excess of what would yield the previous return. A faltering rate of profit, occasionally reversed by spasmodic upswings, yielded smaller surpluses for reinvestment, leading to a slowdown in the growth of plant and equipment. In the leading advanced capitalist countries, this led to either wage stagnation or higher unemployment. Attempting to restore profitability, employers the world over held down wage and benefit levels, while governments reduced the growth of social expenditures. But the consequence of these cutbacks has been a protracted sluggishness in the growth of demand, reinforcing the stagnation stemming from overproduction. The cumulative problem of deceleration unequivocally manifested itself in a steady, system-wide expansion of government, firm, and household debt. Although many have protested that this picture of the economic performance of the advanced capitalist world since the '70s is far too bleak, this across-the-board growth of debt should be taken as *prima facie* evidence that there was, in fact, a slowdown. For there is no other explanation for why it happened.

Other countries' exports generate reserves that purchase US debt at rates low enough to sustain its bonanzas. The true economic history of the period is not a morality play in which virtuous producers and savers were pitted against gamblers and big spenders. The manufacturing sectors of the world's leading export economies—China, Japan, and Germany—were just as dependent on the buildup of debt and speculation as the finance and real estate sectors of the debtor countries. The reason is that as income from investment in plant and equipment sank, the level of aggregate demand became increasingly dependent on turning savings into interest-bearing debt, which under the right conditions can grow out of all proportion to the streams of income that ultimately support it. Debt is the taproot of the myriad forms of ultimately unsupported claims on wealth. "As with the stroke of an enchanter's wand, it endows unproductive money with the power of creation and thus turns it into capital, without forcing it to expose itself to the troubles and risks inseparable from its employment in industry or even in usury."³

Eventually, of course, it is exposed to all the troubles and risks of its employment. In Brenner's account the current crisis is the inexorable resurfacing of the pressure for a systemic shake-out that was never allowed to happen over the course of the last three decades, despite multiple rounds of downsizing and massive departures of capital from overcrowded manufacturing lines to cheaper locales and financial assets. The implosion of the American-centered financial and real-estate bubble is the end of the line for a whole period of gravity-defying account imbalances, asset bubbles, and debt creation. Of course, the neoliberal era has witnessed enormous bailouts

² Robert Brenner, *The Boom and the Bubble* (London: Verso, 2002).

³ *Capital*, 1:919.

before: from the early '80s, such cleanup operations have been an essential enabling condition of getting the boom-and-bubble dynamic rolling again. But unlike previous local episodes of neo-liberal meltdown, this one is obviously taking place on a vastly larger scale, and no bailout can realistically keep the world economy from entering into either a new era of world depression or a protracted period of slow-growth stabilization, or perhaps some novel combination of the two.

ELASTICITY OF CAPITAL

So far there has been no general fall in price levels, apart from housing markets, of the kind that marked the 1870s and the 1930s. This testifies to the formidable capacities of the postwar state to support demand, although this may soon hit its limits as the toll of unemployment continues to rise everywhere. The current form of stabilization and the market rallies it makes possible come at the cost of growing indebtedness, which cannot continue indefinitely. This does not mean that the bottom will eventually fall out of prices, as it did during the Great Depression. In fact, the deflationary consequences of a large-scale drop in consumption—the upshot of firms and households attempting to pay down their debts—will likely be intertwined with, and occasionally counteracted by, inflationary or even hyperinflationary bubbles that will result from attempts to stimulate flagging economies with injections of ever more liquidity, that is, by the printing of money. Over the next several years, we are likely to witness the birth of a new and bewildering form of stagflation.

Instead of propping up aggregate demand through debt, one might ask whether it would have been possible after the 1970s to unleash a crisis on a scale sufficient to liquidate the vast quantities of marginal and inefficient capital holding down the rate of return, thereby restoring the necessary conditions for a more dynamic capital accumulation. The Carter-Volcker shock was a brief experiment in that direction. Of course, if the United States had stuck to that strategy, Latin American scale structural adjustments might have been the order of the day throughout much of the Organization for Economic Cooperation and Development (OECD). Perhaps if these societies had been able to withstand a shakeout on this scale, rates of growth might eventually have returned to a level that could have sustained a less debt- and speculation-dependent, albeit more modest, rate of growth. But would this scenario have materialized? Austerity in this period has only led to growth through a realignment of the economy to exporting. If the United States had stayed the Volcker course in the '80s, it may very well have plunged the whole world economy (and not just Latin America) into a depression, and then would have found no one to export to. In any event, few societies in the postwar affluent capitalist mold would have endured such a drastic restructuring and disentanglement without the clear prospect of a return to rising levels of consumption.

High rates of growth sustained the social contract of postwar capitalism in the West. Even after its golden age, a buoyant consumerism remained as an unnegotiable legacy. Not only was a cathartic blast of thoroughgoing creative destruction out of the question after the beginning of the downturn in the 1970s, but the lower growth rates of consumption characteristic of earlier eras of capitalism were no longer sociopolitically legitimate. Growing levels of debt were needed to make up for the potential falloff in consumption. This happened despite the mass entry of women into the workforce, making double-income households the norm. The buildup of debt in this period, ultimately made possible by fiat money, expressed institutionalized expectations of rising affluence. While it is true that the growth rates of the last thirty years have not been low compared with more remote historic averages, they have been low in comparison to these his-

torically shaped expectations that, as Marx said of the wage level, set the standard of what is high and low.

There are still intact sociopolitical barriers to the downward adjustment of living standards in the advanced capitalist countries, and probably in some of the more successful recently developing ones too. Neoliberalism brought large-scale unemployment to Europe, long-term wage stagnation to America, and increasing job and benefit insecurity everywhere. But except for the bottom fifth of the population, much of the social damage was cushioned by social provision, the increase of women's earnings (allowing for growth in overall household income), and, in some countries, burgeoning credit-card debt and house-price inflation. Across the OECD, public provision actually rose throughout the neoliberal period as a percentage of gross domestic product (GDP), largely due to the steadily rising health-care costs of these aging societies. As a particularly striking example of this trend, Medicare shot up during the administration of G. W. Bush.

But in the absence of the cushion of debt and speculation, standards of living could begin to deteriorate in ways more reminiscent of the 1930s than the 1980s. Of course, several countries experienced Depression-like collapses in the '80s and early '90s or in the run of crises from 1997 to 2001; but outside Africa these had the cold comforts of export-based growth to fall back on, after they were racked by structural adjustment. There are no comparable "higher powers" to impose structural adjustment on the largest advanced capitalist societies, but there is also now no immediate austerity/export path of adjustment.

TECHNOLOGICAL REVOLUTION

No social order ever disappears before all the productive forces for which there is room in it have been developed.

Karl Marx, *Contribution to the Critique of Political Economy*

The contemporary crisis exhibits a number of unfamiliar characteristics stemming from the inability of advanced capitalist societies to bear the costs of a new sociotechnical infrastructure to supersede the existing fixed-capital grid. The latter currently entrenches a sixty-year-old complex of productive forces at the core of the world economy. The structural impasse that this has created has not been fully grasped, leading to difficulties in historicizing the last quarter of a century of capitalism. Fredric Jameson's conception of postmodernism as the cultural logic of the period is arguably the great benchmark of contemporary epochalism.⁴ In the early 1980s, Jameson originally conceived of this new order of things as a prefiguration of groundbreaking new technologies and energy sources of capitalism. To understand the subsequent trajectory of capitalist society, it is important to recognize that this great leap forward, what Ernest Mandel called the Third Technological Revolution, never really materialized. Even a more modestly conceived "post-Fordism" failed to release a productivity revolution that would reduce costs and free up income for an all-round expansion.

But what about information technology and containerization—the two signature technological breakthroughs of the period? These have undoubtedly powered a huge increase in world

⁴ Fredric Jameson, *The Ideologies of Theory* (London: Verso, 2008), 496; Fredric Jameson, "Postmodernism, or The Cultural Logic of Late Capitalism," *New Left Review* 1/146 (July–August 1984). Harvey's alternative theorization of postmodern capitalism is more directly focused on the problem of the rise and fall of sociospatial infrastructures. See David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* (Cambridge: Blackwell, 2000).

trade, over and above the growth of the world economy itself. Computerization and “just in time” modes of organizing supply chains made it easier than ever before to bring manufactured goods to the world market and relocate production. These cost-reducing technological and organizational changes countered the potentially inflationary consequences of the growing supply of various forms of money. Alongside American deficits, these trade-promoting changes were responsible for accelerating East Asian and especially Chinese growth. But unlike a “nuclear-cybernetic industrial revolution” or the shift to some alternative energy source, technological change in this form has, by and large, brought vast quantities of goods from countries with lower labor costs into world markets already weighed down by overproduction of their higher-cost equivalents, instead of fueling growth through the creation of whole new lines of production.

In the 1990s it seemed plausible that containerization, post-Fordist production, and supply chains and information technology in the new office place were the driving forces of a transition to a “New Economy,” one more productive, and in different ways, than anything that had come before it. But this great transformation somehow failed to show up statistically, and in due course, the stock-market crash of 2001 brought an end to the decade of cyber-hype. Altogether less plausible was the subsequent expectation that technologically retrograde real-estate bubbles, providing markets for exporters of consumer durables and raw materials, could be a sustainable basis for economic growth. Rather than leading to any New Economy in the productive base, the innovations of this period of capitalism have powered transformations in the *Lebenswelt* of diversion and sociability, an expansion of discount and luxury shopping, but above all a heroic age of what was until recently called “financial technology.” Internet and mobile phones, Walmart and Prada, Black-Scholes and subprime—such are the technological landmarks of the period.

LOOKING EAST

Alongside this myth of a technological new age, the other grand narrative of capitalism in this period has been the de-centering of the Euro-American core of capitalist civilization by the rise of Asia, by which was meant, first, Japan and, then, China. Postmodern globalization has been an epic of the self-transcendence of the West toward an Oriental horizon. (Both geographically and world historically it makes sense that, in such accounts of the future of capitalism, Asia should appear as the new West, an America for the next millennium.) For more than half a century US hegemony had helped make this development possible by opening up its vast market to selected clients and providing them with free military protection from Communism. In its late, post-Cold War phase, US demand galvanized the rapid growth of Asia’s export powerhouses, which produced already-existing manufactured goods but more cheaply. Instead of unleashing new productive forces more broadly or intensively, Asia’s accumulated surpluses eventually came to fuel the inflation of asset bubbles around the world.

The process of this relocation of technologically less-advanced industrial production to low-wage regions has unfolded differently from the process of the classically expansionary phases of the capitalist system. Although China has grown very rapidly along these lines, the world economy as a whole has grown too slowly and disproportionately for even this to be sustainable. While the United States, and the West more generally, will come to accept a larger role for China in some emerging, unsteady crisis-management regime, this is not the beginning of a new, China-centered phase of accumulation. For the latter to be conceivable, Chinese growth would have to come to depend on new and more advanced productive forces—not simply the broader dissemination of existing ones that are not even at the most advanced level, like the US tech-

niques that spread to Europe and Japan after the war. The quarter-century story of countries with a half or a fifth of US per capita GDP catching up and indeed surpassing it cannot be repeated today by others that have scarcely a fourteenth.

Lower-tech manufacturing could conceivably keep China growing at an impressive rate, but it cannot be the basis for a new global phase of accumulation. Moreover, China's rate of growth will soon be checked as export markets dry up. It is not clear whether China can now shift to domestically driven accumulation without a significant slowdown in growth. Only after a long, sociopolitically transformative process of building up a compensatory domestic demand will some of the bases of sustained growth be secured for its population of a billion and a quarter. The PRC's current infrastructural investment stimulus is unlikely to counteract the massive shakeout of its export sector, because it is probably too small and too capital intensive to begin shifting the economy toward domestic demand.

If the world was moving toward a new phase of vigorous, capitalist accumulation, China would be one of its main epicenters. But are there any reasons for thinking that, as the downturn simultaneously intensifies in Japan, the United States, and much of Europe, China will be able not only to avoid being dragged down with them but also to grow so fast as to open up opportunities for their export-based recovery? Even by the largest estimates of its size, and even assuming that its increasingly export-dependent high rate of growth will not now decline precipitously, China's economy is too small to carry the weight. The West will continue to decline without giving rise to an ascendancy of the Far East, let alone of Brazil, Russia, or India.

These conjectures are attempts to situate where we are in the *longue durée* of capitalism—somewhere in midstream or, alternatively, closer to an end—and to determine whether this mode of production is old or new, reaching its outer limits, or poised for further waves of expansion. The dramatic geo-economic expansion of the system over the last two decades, the ongoing formal subsumption of the last great peasant populations of Asia, as well as the incorporation of the ex-Comecon (Council for Mutual Economic Assistance) industrial world seemed to demonstrate the long-term growth prospects, inner and outer vistas of colonization, of an empire *in statu nascendi*. But secular stagnation and chronically sputtering economies in much of Latin America, Africa, and the former Soviet Union stand as sobering testimony to the failures of neoliberal “primitive accumulation” when compared with the classic enclosures that fueled capital's genesis and episodes of expansion. Mike Davis's *Planet of Slums* is a disturbing exposé of the expulsion of an ever-growing mass of obsolete humanity from the world market, as either producers or consumers.⁵

Parallel processes of obsolescence have unfolded in the advanced capitalist sector. Despite periodic bursts of frenzied speculation beginning in the mid-1980s, accompanied by fanfare announcing the advent of an era of unprecedented capitalist dynamism, the results have only been brief, unsustainable bouts of new technological investment. Marx seems to have anticipated that capitalism would begin to slow down in the mature lines of its old homelands, as the explosive productivity growth of machines making ever more productive machines resulted in the employment of ever fewer workers. Over the long term, the further growth of industrial productivity would be thwarted by its tendency to reduce employment in this sector and thus also to reduce the aggregate demand that would purchase the expansion of output. This was the form in which a contradiction between the forces and relations of production would unfold.

⁵ Mike Davis, *Planet of Slums* (London: Verso, 2006).

GRAY SOCIETY

Whatever the merits of this account, it is questionable whether the story of sustainable productivity growth through industrial revolutions will continue in the era of the service sector. Marx implied that the “internal” cost of capital borne by firms would go up, bringing down the profit rate. What is being suggested here is that certain external social costs rise over the long term that cannot be counteracted by productivity gains elsewhere in the economy. Advanced capitalism would get a new lease on life if it found a way to decrease significantly the costs of health, education, and age care without drastically reducing the level and quality of provision. But the productivity revolutions that reduced the agricultural population to single digits and are now doing the same to industrial workforces—of course, counteracted by outsourcing to cheaper labor zones—are unlikely to be repeated for large parts of what is called the service economy. This is the main reason why capitalist economies eventually head toward the stationary state.

The reason why manufacturing is “technologically progressive” has to do with its intrinsic attributes—production in this sector can be readily standardized, and consequently, the information required for production can be formalized in a set of instructions which can then be easily replicated. In the case of services, there are large differences between various activities in their amenability to productivity growth. Some services which are impersonal, as in telecommunications, have attributes similar to manufacturing and hence, can be “technologically progressive.” However, personal services, such as certain types of medical care, cannot be easily standardized and subject to the same mass production methods used in manufacturing. These types of services, therefore, will be “technologically stagnant.” In general, if there are two activities, one of which is “technologically progressive,” and the other “technologically stagnant,” then in the long term the average rate of growth will be determined by the activity in which productivity growth is slowest.⁶

It is not clear how “postindustrial” capitalism will be able to reduce the costs of social reproduction, given the long-term problems of technological stagnation in services like health care. The core of the post-1970s conjunctural crisis is an unresolved problem of overproduction and declining returns, leading to a slowdown of growth both relieved and exacerbated by the compensatory buildup of debt. The inherently slow growth of service-sector productivity further exacerbates the problem of demand, reinforcing other tendencies in this direction. The conjunctural crisis of neoliberalism has become intertwined with an epochal-structural one brought on by a transition to a slow-growth, postindustrial service sector economy—an aging, gray capitalism.⁷

AFTER NEOLIBERALISM

What are the prospects today for reforming capitalism in the aftermath of neoliberalism? Some change is inevitable, as the ruling ideas of the period have suddenly gone bankrupt, even as they, like the great banks they promoted, get propped up for a while or gently whisked off stage. But in this dilapidated state, neoliberalism’s former pretensions to intellectual superiority and realism will no longer be sufferable. One of its more scrupulous apostles recently made the following announcement: “Another ideological god has failed. The assumptions that ruled policy and politics

⁶ Robert Rowthorn and Ramana Ramaswamy, “Deindustrialization: Causes and Implications,” IMF Working Paper 97/42, April 1997.

⁷ Robin Blackburn, *Banking on Death* (London: Verso, 2003); and Robin Blackburn, *Age Shock* (London: Verso, 2007).

over three decades suddenly look as outdated as revolutionary socialism.”⁸ But popular subscription to these policies has arguably always been shallow, depending upon the perception that there was no alternative way for an economy to move forward. Although the reflexes of most political systems make a clean break with the status quo inconceivable, one would expect that as economies start contracting, these governments would react pragmatically and ditch further experiments in deregulation and privatization, while trying to prop up market values through vast public interventions, in the few instances where such options are available.

It might be thought that the discrediting of neoliberalism would send us back to an earlier Keynesianism, but this is unlikely to happen. Neoliberalism was not just a “reverse course” departure from the thirty years of postwar managed capitalism but also a continuation of it by other means. This implies that what might be coming to an end is the whole post-1945 period of capitalism, in which governments claimed the capacity to smooth out business cycles and recessions through demand creation. If the last thirty years of neoliberalism have witnessed a massive expansion of overall levels of private and public debt, compensating for persistent slow growth in the real economy, can governments realistically stimulate economies now by taking on more debt through public expenditure? The Keynesianism of the 1930s was a remedy for economies that had already bottomed out, not a means for preventing debt-laden economies from deleveraging. More American debt just prolongs the cumulative problem of massive global misallocation and imbalances, even if the alternative of letting the problem unravel in a chaotic free-for-all would make things considerably worse.

The hope that the present crisis might facilitate a transition to green capitalism may be equally unfounded. While stagnation itself could possibly slow down an ongoing, headlong deterioration of natural environments, a shift to alternative energy and green technology would almost certainly be undermined by the reduction in the price of fossil fuels that would result from a protracted slump. Overcoming these disincentives, the public commitments of leading states could of course be shifted to alternative fuels or green technology by a politics rationally oriented toward the long term. But at present it seems unlikely that such a politics could also be harnessed to a narrow project of capitalist restoration. The scale of public support for sufficiently remedial measures would overstep these bounds and therefore be resisted very strenuously, unless precipitous deterioration exposed socially relevant populations to emergency conditions. However determined these efforts in conservation and sustainability eventually become, the ecological impasse of capitalism is likely to be the most absolute of all.

These problems are always perceived and treated by whole peoples as field problems, i.e. they are regarded as being soluble (and amenable to analysis) only in the capitalist field. . . . At the helm is this or that class, this or that regime, this or that solution is being pressed, this or that particular direction has been taken etc., and until the real and imaginary possibilities of the field have been framed, tried, exhausted and discredited, no other field arises. Though the field itself may not satisfy reason (imagination may locate other fields, experience suggests yet others), in the currently functioning field of practice there is still enough reason operating for the purposes of the entire people and for the purposes of justifying what is happening.⁹

⁸ Martin Wolf, “Seeds of Its Own Destruction,” *Financial Times*, March 8, 2009.

⁹ Bertolt Brecht, *Journals, 1934–1955*, trans. Hugh Rorrison, ed. John Willett (New York: Routledge, 1993), entry for June 14, 1940.

With its enormous bailouts, the Obama administration has sought to salvage whatever might be saved from the neoliberal status quo, including, of course, American seigniorage. This effort, even if it moves beyond the passivity of existing measures, will likely fail on its own terms. The level of expenditure and state indebtedness required to stimulate unsustainable stock-market rallies and ward off deflation will eventually compel foreign holders of dollar reserves to abandon further purchases of dollar-denominated debt, thus driving up its cost. Until now, East Asian governments have been happy to fund US external and government deficits in order to sustain US consumption and their own exports. But with the crisis overtaking even China, these governments may lose the capacity to finance US deficits, especially as they grow to unprecedented size, yielding diminishing returns.

For the time being, the world's leading export economies continue to accumulate dollar reserves, for fear that if they were to stop, a stampede to dump dollars might begin, resulting in a punishing devaluation of their reserves. Besides, in the absence of any other suitably big and liquid store of value, US Treasuries have preserved a now-improbable aura of safety. But the tipping point is perhaps not so far away; a run on the dollar might break out despite the best efforts to prevent it; or, preemptively, the United States could attempt to liquidate its debt load to foreigners with money printed on a scale that would unleash an explosive bout of hyperinflation, undermining the foundations of the world market for a long time to come. This impossible either/or situation has led to an impasse: debt levels cannot be brought down through vast devaluations because the worldwide sociopolitical fallout would be overwhelming; but propping up existing levels with more debt is economically unsustainable, even under the best-case scenarios of coordination. In their timidity, present efforts to shore up a tottering status quo with vast stimulus packages may wind up sharing the fate of efforts by early Depression-era governments to do the same through austerity measures. The "solution" to the conjunctural problem of financial implosion might be a prolonged, difficult-to-sustain holding pattern, converging with an epochal shift to a stationary state. The former process may already have started; the latter could be the work of a generation.

POLITICAL FORMS

Which OECD societies could withstand prolonged bouts of structural adjustment of the kind that immiserated populations from Lagos to Vladivostok—especially now, when there are no longer export outlets to counteract the implosion of the home market? It is difficult to see what measures could be taken by political establishments to ensure that depression-stricken societies stick to the course during this long march. It is probably safe to assume that elected parliaments, sheikhdoms, and oligarchies will all cleave to the dilapidated hull of American statecraft for as long as they can, after a prolonged period in which such rulers have stopped contemplating the alternatives. But the de-linking that will now unfold in the form of collapsing exports or withdrawn credit in any number of these countries might escalate to a different stage if power were to slip from their hands.

What politico-ideological forms will resistance to restructuring take when the latter can no longer be implemented in accordance with the dictates of money markets and now has to be imposed through more directly political—and therefore more controversial—processes of determining winners and losers? The erosion of older traditions of collective response makes prediction hazardous. The initially localized opposition to these processes will be "class-like" to radically varying degrees, conditioning the shape of the social structures that will emerge out of

the contemporary retrenchment of capitalism. The outcome of these struggles may depend upon the degree to which state powers can fortify the essentials of property and privilege as they could in an older age of class conflict. In many parts of the world, the coercive core of the state apparatus has undergone a long-term process of neutralization. Elsewhere, this is a more recent and reversible development. In the coming period, how will different political systems respond to creeping and direct threats to the rule of capital and its core constituencies when the emergency resort to force may no longer be available to any decisive effect? During the 1930s most of Europe outside Scandinavia lurched to the Right, with brief Popular Front interludes in Spain and France. The United States and much of Latin America went Left. It might be interesting to try to anticipate similar variations today across all the zones of the world system.

With a few worthy exceptions, there are currently no large-scale left-wing parties and movements implementing or even demanding radical reforms. But despite their abundant reserves of inertia and passivity, advanced capitalist societies are probably incapable of enduring the scale of hardship that a true depression would inflict on them, in the way that these same societies managed to get by in the 1930s and other, poorer ones have done in our period. If there are no immediate left-wing Keynesian solutions, and society cannot be allowed to take the plunge into a full-scale shakeout, are there then any viable right-wing “statist,”—that is, non-market-based—solutions to the current contradictions of capitalism? Comparisons to the 1930s inevitably raise the question of whether it is possible for advanced capitalist societies to move in the direction of a politics analogous to fascism. There is little chance that the electoralism that swept the earth after 1789 will be menaced from this direction, although various weak states of emergency will no doubt abound. It is unlikely that older, right-wing forms of authority and discipline could be imposed on a demos of service workers and consumers, inured to more indirect forms of power but allergic to traditional authority.

Since the conclusion of World War II and the advent of the atomic age, there have been no head-to-head confrontations between the world’s most powerful states. This long peace in the Eurasian core has led to lower levels of manpower mobilization, promoting a less authoritarian but thoroughly depoliticized cultural atmosphere. The consequences of this pacification for relations between the sexes have been momentous, forming a powerful progressive trend from an earlier era that continues through this one. Fourier claimed that the level of emancipation in any society could be measured by the position of women within it, a metric that qualifies any overly pessimistic conception of this historical period. This is an age in which statist authoritarianism lives on only in vestiges and backwaters. Of course, reactionary campaigns tailored to the sensitivities of these more democratic populations need not be militaristic. Immigration and, in America, “race” are still potentially toxic wedge issues. In some cases, one can expect that the blame for collapsing employment and social provision will be pinned on ethnoracial minorities, but it is hard to see how the resulting exclusionary measures could even put a dent in the problem.

The radical Right politics of the interwar era depended upon the mobilizing atmospherics of great-power rivalry, drastically sharpened by the perception of a Red menace. Moreover, in the midst of a collapsing world market, a new international order based on a mutant form of autarchic capitalism seemed entirely plausible. (How viable it would have been over the longer term is another matter.) Even if we are moving from a neoliberalism to new forms of public ownership, tomorrow’s stagnant and pacified state capitalisms are unlikely to exhibit the political directiveness of their antecedents from a bygone industrial era of welfare and warfare. Midcen-

tury state capitalisms were briefly dynamic because their production targets were set by total war and popular mobilization, neither of which is on the horizon today.

Classical interimperialist conflicts, violently expediting the renewal of the system along new frontiers of expansion, are no longer compatible with the preservation of the system. Moving in the opposite direction, the scale of the fiscal crisis that all states will be confronting, whether presently debtors or not, may eventually compel them to cut back on military budgets, perhaps on a large scale. Of course, this is not even on the agenda yet in the United States, but if insolvency and public-sector shutdowns loom, it is hard to see how this could be deferred indefinitely. As a result, for the time being it is very unlikely that the United States will venture forth in new risky, costly expeditions, although it will no doubt do its best to maintain its present commitments. “Terrorism” is another matter, and can be dealt with more cheaply. But its brief moment of geopolitical significance is already passing, even as the West soldiers forth in the Hindu Kush.

ANOTHER END OF HISTORY?

We are now at the end of an Indian summer of reflatd American imperial power. What power(s) will be able to uphold and constitute the interests of the world capitalist system as a whole in the coming period? These general interests can only ever have approximate embodiments in the hegemonic centers that stand in for this absent universal dimension. Very few incumbent powers are willing to concede that their particular interests might have to be sacrificed to the universal interests of the larger field of accumulation. If no interimperialist struggle to determine a new hegemon is possible, can there be a coordinated multilateral devaluation of debts and inflated assets? It is not clear what kind of system will emerge if neither this nor any functional surrogate to this process occurs.

Giovanni Arrighi’s three geopolitical projections, laid out in *The Long Twentieth Century*, were that the flight forward into financialized neoliberalism would bring only a brief prolongation of American hegemony, which would have to yield eventually to either a West-run global empire, an East-inflected world market-society, or long-term systemic chaos.¹⁰ A full-fledged version of the first possibility can probably be ruled out. But following the logic of Arrighi’s historical narrative, the emergence of a new hegemonic center seems equally improbable. After all, each of the successive hegemons in his account was a larger and more advanced capitalist economy than the one that preceded it. By that standard, there is obviously no power in the world that could supersede the United States, neither China—at present a considerably smaller and more backward economy—nor “Europe,” which is not even a state and will soon perhaps begin to abort its historically anomalous quasi statehood. Japan, once thought to be the nation most likely to succeed, has long since been eliminated from consideration. The most likely development is a combination of the first and third possibilities: a concert of powers to stave off financial meltdowns but incapable of orchestrating a transition to a new phase of sustainable capitalist development.

We are entering into a period of inconclusive struggles between a weakened capitalism and dispersed agencies of opposition, within delegitimated and insolvent political orders. These conditions will persist indefinitely until the reemergence of organized political projects to build new forms of society. A

¹⁰ Giovanni Arrighi, *The Long Twentieth Century* (London: Verso, 1994), 355–56.