

# Democracy against Neoliberalism: Paradoxes, Limitations, Transcendence

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## Abstract

Procedural (formal, liberal, capitalist or bourgeois) democracy is the political form of neoliberalism, and it dominates political thought and state practice today. This modality of management of class relations is currently in crisis, expressed through the evacuation of politics, the erosion of civil liberties and the emergence of authoritarian governance. This article offers a Marxist critique of neoliberal democracy, concluding that neoliberalism is incompatible with the expansion of democracy into key areas of social life. This is expressed by six paradoxes of democracy. Conversely, the expansion of democracy can provide an effective lever for the abolition of neoliberalism. This approach is promising for three reasons: first, the expansion of democracy is valuable in itself. Second, the contradictions between economic and political democracy illuminate the limitations of contemporary capitalism. Third, struggles about the nature and content of democracy can throw into question the limitations of capitalism as a mode of production.

## Keywords

capitalism, democracy, democratization, globalization, neoliberalism, political economy, socialism

*A democratic republic is the best possible political shell for capitalism.*

V.I. Lenin (1917)

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## Introduction

Democracy is an essentially contested concept.<sup>1</sup> Nevertheless, a specific model of democracy currently dominates political thought and practice in most countries. Since before the collapse of the USSR, Western states have systematically enforced this model across several – though not all – parts of the postcolonial (or ‘developing’) world and the former ‘socialist’ states (see Ayers, 2009; Cammack, 1997; Robinson, 1996), to the extent that ‘democracy promotion’ has been considered ‘the essence of post-Cold War politics’ (Smith, 2000: xi–xii).<sup>2</sup>

According to the conventional model, democracy comprises the rule of law, a specific conception of human rights, the periodic election of political representatives via credible multiparty elections, ‘good governance’, a ‘market economy’, and a pluralist civil society. This model embodies an individualist, formally egalitarian, capitalist, meliorist and universalist conception of self and society. Political community is understood in terms of nation-states, constituted by three domains – the neoliberal ‘minimal’ and ‘neutral’ state, the neoliberal public sphere (‘civil society’), and the neoliberal individual (‘self’) (Ayers, 2008; Kurki, 2010). This view conceptualizes a restrictive Weberian-Schumpeterian procedural model of democracy, where the latter is ‘not a kind of society nor a set of moral ends’, but merely ‘a mechanism for choosing and authorizing governments’ whereby ‘two or more self-chosen sets of politicians (élites), arrayed in political parties [compete] for the votes which will entitle them to rule until the next election’ (Macpherson, 1977: 77–78; see Schumpeter, 1976; and Weber, 1972, 1978). This approach was synthesized in Dahl’s (1972, 1989) work, which identified the procedural criteria for an elitist mode of governance that have guided the democratization project.<sup>3</sup>

The rise of the Weber-Schumpeter-Dahl model has been closely associated with the ascendancy of neoliberalism. Neoliberalism fuses distinct political tendencies, including those oriented to the market (expressed under the ideological guise of *laissez-faire*), and illiberal policies towards personal and civil liberties, including growing restrictions to privacy and collective action, which have become especially prominent since 2001 (Cassel, 2004; Ewing, 2010; Herman, 2011; Hoover and Plant, 1989; Lerner, 2000). The rise of neoliberalism has transformed the ‘mature’ democracies (Dean, 1999), and shaped the constitution of democratic polities across the postcolonial world (Ayers, 2009; Tully, 2006, 2008).

The crisis of this project has become evident through increasing global instability and the proliferation of so-called ‘pseudo-’ or ‘illiberal’ democracies and ‘electoral authoritarian’ regimes, ‘failed states’, civil wars and ‘terrorism’, especially in the postcolonial world (Brooker, 2009; Diamond, 2002; Zacharia, 1997, 2004; see also EIU 2011 and HDR 2002). The limitations of conventional democracy have also raised concerns in the ‘advanced’ West, where large numbers of people now reject ritualistic elections that bring to power scarcely distinguishable political parties unable to address their economic and political concerns.<sup>4</sup> In many countries, policy convergence around the tenets of neoliberalism belies the appearance of ‘free’ choice in the political market, leading to anomie, the growth of the far-right, and a sense that politicians are ‘there only for the taking’ (Chomsky, 2010; Crouch, 2004; Ghosh, 2012; Kulish, 2011; Munck, 2005; Olshansky, 2007; Tamás, 2011; Wolin, 2008).

The erosion of democracy has facilitated the recent replacement of elected governments in the Eurozone by so-called non-party technocrats, when hard choices became necessary. These coups d’état under a democratic veneer have highlighted concerns about the meaning and vitality of political democracy under neoliberalism. In contrast, the ‘Arab Spring’ and the emerging popular movements in crisis-hit Western economies have reiterated longstanding aspirations for a democracy transcending electoral rituals. Echoing Mészáros (2006: 43), these developments concern not ‘the more or less frequent crises *in* politics’ but ‘the crisis *of* the established modality of politics itself’.

Critics often attribute the crisis of democracy to the capture of states by selfish interests under neoliberalism, which has, presumably, corrupted the traditional mechanisms of representation and public administration (Lemke, 2002: 6). These views are misguided in positing an ontological autonomy of the state and an external relationship between capitalism and democracy. Such an approach misunderstands democracy, the state, and the structures of representation and political rule under neoliberalism. This article offers a Marxist critique of current forms of democracy, highlighting the continuing appropriateness of Lenin's aphorism regarding 'the best political shell for capitalism'. Currently, this can be encapsulated in the concept of *neoliberal democracy*.

Despite its uncompromising critique of the limitations of neoliberal democracy, this article does *not* claim that it should be dismissed as a mere cloak or a 'show' staged by the ruling elites in order to pacify the masses. We affirm the immense value of political freedom, and recognize that the diffusion of political democracy has been made possible by the expansion of capitalism. However, we stress that capitalism necessarily limits democracy because the 'very conditions that made liberal democracy possible also narrowly limit the scope of democratic accountability' (Wood, 1995: 234). We also emphasize that the democratic achievements in most societies are, almost invariably, the outcome of costly mass struggles for a more equitable politico-economic order. Democracy, and the associated restrictions to political freedom, take specific forms under neoliberalism. These are examined in detail below, leading to the conclusion that neoliberalism is incompatible with the expansion of democracy into critically important areas of social life. Conversely, the expansion of democracy can provide the most effective lever for the abolition of neoliberalism, the contemporary form of capitalism.

These abstract and conceptual – rather than descriptive or anecdotal – arguments are developed in five sections. The first examines the paradoxical relationship between democracy and capitalism. The second focuses on the specific features of democracy in the age of neoliberalism. The third interrogates the limitations of neoliberal democracy. The fourth argues that the expansion and radicalization of democracy is the most promising way to destabilize neoliberal capitalism. The fifth concludes the article.

## I. Capitalism and Democracy

The voluminous literature on democracy in the post-Cold War period has generally upheld an abstract and class-neutral notion of 'democracy in general'. In contrast, left analysts advocate a class analysis of democracy, drawing on Lenin's (2001: 41) aphorism that: 'It is natural for a liberal to speak of "democracy" in general; but a Marxist will never forget to ask: "for what class?"'

Lenin's insight suggests that there are historically specific relationships between social (typically, class) domination, modalities of state rule and forms of political representation. These relationships are neither direct nor unchanging over time: they can be understood historically but not prescribed *ex ante*. For example, under each modality of state rule 'political freedom' supports the domination of some classes or groups, whilst securing the subordination of others. The examples of 'democratic' slave polities in antiquity are both illustrative and uncontroversial (Wood, 2008). Yet, this literature tends to elide the specific problem posed by democracy under capitalism, that is, 'the inclusion *within* the democratic framework of the dominated classes' (Hunt, 1980: 9).

Crucial to a class analysis of capitalist democracy is the separation between the political and economic aspects of the relations of exploitation, which is specific to this mode of production (Wood, 1981, 1995). This separation derives from the fact that, while production takes place in privately-owned workplaces where the capitalists or their agents control the labour process, the exploitative relationship between the class of wage workers and the class of owners of the means of production is mediated by anonymous (impersonal, or market-based) economic compulsions.

These encompass the compulsion to work, the recruitment of labour, the purchase of means of production, finance, and the exchange and distribution of goods and services. It is different in non-capitalist societies, where economic processes are normally directly and visibly subordinated to political authority, and follow rules based on hierarchy, tradition and religious duty which make the relations of exploitation transparent.

The separation between the economic and the political in capitalism has six paradoxical implications. First, *it reveals two levels of the capitalist relations of exploitation*: the firm as the economic locus of the rule of the bourgeoisie, and the state as its political locus, with the responsibility for legitimizing and managing the social relations of class, property, currency, contract and markets (Panitch and Gindin, 2004). In capitalist states, public office is ostensibly autonomous from the ownership of the means of production and the control of the conditions of employment. A stratum of officials takes charge of the day-to-day affairs of the state, just as a professional cadre of managers and administrators controls the capitalist enterprises. Political activity revolves around contrasting strategies for the administration of public affairs (that is, class relations in their broadest sense), which seem to be only indirectly related to the extraction of surplus value. In order to prosper, capitalist states must be committed to the expanded reproduction of the dominant social relations, and they must have adequate revenue-generating and coercive powers to secure their own operations (Harvey, 2003; Saad-Filho, 2003). For these reasons, states must intervene both in 'political' conflicts (e.g. concerning the scope of democratic rights) and in 'economic' disputes (for example, around pay and conditions in large industries), if state officials consider that their strategies for the reproduction of capital-in-general are being challenged in significant ways. When intervening, the state relies on the power of law, the media, finance, domestic and international public opinion, the police and, *in extremis*, the armed forces.

Second, *the 'separation' splinters the political process, and the state itself*, across a large set of interlocking institutions, structures, agencies and processes, whose fragmentation is intensified by the process of economic development. Correspondingly, there is a growing disconnect between localized conflicts around working conditions, sectoral struggles around state policies, and general disputes about the (increasingly intangible) political rule of the capitalist class. These disjunctions ultimately help to entrench capitalist power in the workplace, hugely expand the scope for the accommodation of class struggles within capitalism, and dilute their systemic (transformative) implications.

Third, *the 'separation' opens the possibility of shifts in the modalities of class rule – including the potential for political democracy* – while protecting the economic processes of exploitation. Historically, the rule of capital has been compatible with distinct political regimes, among them monarchy, fascism and parliamentary democracy, and with diverse modalities of transition of power across rival parties and regimes. However, even in the most liberal cases political democracy remains limited because capitalist states cannot manage politically the exploitation of the majority while, simultaneously, implementing an emancipatory programme. The structural limits of capitalist democracy come into view when attempts to expand political control over the economic affairs are blocked, regardless of their popular backing or even legitimacy within the established order. Examples include the destruction of the Spanish Republic, the overthrow of Iranian prime minister Mohammad Mossadegh and Chilean president Salvador Allende, the political genocides in Indonesia, Argentina and in several Central American countries and, equally significantly, the systematic failure to achieve meaningful land reforms and greater economic equality in the postcolonial world. These episodes starkly demonstrate that political democracy was never meant to reach the economic realm.

These limitations help to explain why the expansion of democracy has rarely been a gift bestowed by the privileged or the direct outcome of the diffusion of capitalist relations of

production. Democratization has been achieved almost invariably through mass mobilizations, sometimes against significant resistance from powerful economic interests.<sup>5</sup> Democratic movements have also been closely associated with demands for redistribution of assets and income, implying that, from the point of view of the majority, political and economic demands are inseparable. This also suggests that mainstream claims that Western democracy is the 'natural' outcome of economic development and that it offers a template for the organization of all societies (the 'end of history') are hollow. Evidence from China, Germany, Japan, the UK, the US and elsewhere indicates that economic growth and the rising complexity of the social division of labour play, at best, a marginal role in the expansion of democracy. The diversity of historical paths across these and other countries suggests that democracy emerges from specific processes of struggle around the privileges of the ruling class while, simultaneously, helping to accommodate the interests of conflicting social groups, especially the workers (Eley; 2002; Therborn, 1977).

Fourth, *political democracy systematically promotes the interests of capital*. Democracy legitimizes capitalist exploitation because political equality veils the structures and processes perpetuating economic inequality. Conversely, it is widely recognized that the smooth accumulation of capital ('economic prosperity') is essential for social welfare, and accepted that political stability helps to achieve this goal. This materially-grounded perception of the common good is validated by direct experience ('common sense'), and through the media, the schools and other means of (in) forming public opinion. Thus, in normal circumstances the capitalists can confidently expect the poor to vote for their own exploitation. At a further remove, the asymmetry of economic power and the proliferation of sectoral conflicts warp the majority-based structures of democratic representation under capitalism. Democracy fosters an array of squabbling political parties, lobbies, NGOs, movements, trade unions and interest groups with limited horizons, a strident rhetoric (essential to be heard among the cacophony), and no grand vision for society. The formulation, implementation and monitoring of state policy in democratic societies requires the accommodation of overwhelming (capitalist) interests as well as the management of countless sectional demands, which can be achieved only through political compromises. While these are essential for democratic governance, these compromises systematically protect the power of propertied interests against transformative forces. The ensuing gyration of the main political parties around the centre, and their need to demonstrate administrative 'competence' and play a constructive role in the management of sectional disputes in order to remain electable tends to evacuate substantive debates and disenfranchise groups with radical ambitions.

Fifth, in a democracy the legal system is meant to guarantee social stability and the predictability of the rules of the game. Since the rule of law is predicated on the reproduction of the pre-existing balance of social forces *the judiciary has an inherently conservative bias*, regardless of its formal independence. In turn, 'legality' offers powerful, avaricious or conservative interests ample opportunity to block transformative agendas in the courts, whether because they infringe upon existing rights or because they fail on a technicality (progressive decisions may be possible in the courts in exceptional circumstances, usually as part of a last-ditch effort to contain explosive social conflicts). In sum, the strength of the legal system normally expresses the degree to which the state and social reproduction are controlled by the propertied interests.<sup>6</sup>

Sixth, during periods of relatively stable accumulation *the greater legitimacy of democratic regimes*, due to their inclusive political rights and attachment to constitutional rules, *allows them to impose exclusionary economic policies and insulate elite interests from mass pressures more efficiently than most dictatorships*. Nevertheless, in times of crisis or when the established order is thought to be threatened, naked force will be deployed. Hence, '[t]he [bourgeois] commitment to democracy ... emerges to be not axiomatic and eternal, but pragmatic and ephemeral. Since it is

the economic system itself which is now at stake, all political measures needed to save it, including dictatorship, become legitimate' (Knei-Paz, 1978: 355).

The paradoxes examined above show that the separation between the economic and the political plays a structurally determinant role in the possibility, historical emergence, scope and limitations of bourgeois democracy. This approach contradicts the mainstream view that representative democracies channel, express and respond to popular pressure. We claim, instead, that although capitalism opens the possibility of political democracy, it is inherently incompatible with economic democracy, and that the economic asymmetries which constitute capitalism limit the scope of political democracy, subvert its principles, and turn it into an ancillary mechanism for the reproduction of bourgeois privileges.<sup>7</sup>

The reproduction of capitalist societies requires the constant management of class conflicts between capitalists and workers, including attempts to transform them into narrowly focused demands or into sectional, corporatist, competitive, religious or cultural disputes. These are managed by overtly neutral state institutions and processes of conflict resolution, including laws, contracts, ombudspersons, shareholder meetings, trade unions, markets, lobbies, political parties, parliamentary debates, the judicial system and the press. As it systematically morphs class conflict into morsels of limited disagreement, capitalist democracy stabilizes bourgeois rule and becomes structurally hostile to majority interests, especially with regard to the economic issues which play a determining role in social welfare: property rights, employment law, work practices, welfare provision, and the distribution of income. Aware of these limitations of democracy, Wood (1981: 95) rightly argues that:

battles ... over the power to govern and rule ... remain unfinished until they implicate not only the institutions of the state but the political powers that have been ... transferred to the economic sphere. In this sense, the very *differentiation* of the 'economic' and the 'political' in capitalism – the symbiotic division of labour between class and state – is precisely what makes the *unity* of 'economic' and 'political' struggles essential.

The critical literature has long recognized the narrow limits of political democracy, leading many radicals to question its value. For example, Therborn (1977: 3) asked: 'How has it come about that, in the major and most advanced capitalist countries, a tiny majority class – the bourgeoisie – rules by means of democratic forms?' Between the 1960s and the 1980s, Parenti claimed that bourgeois democracy was a charade to mislead the people into thinking that they were free and self-governing.<sup>8</sup> Political democracy certainly can be illusory; for example, Western political systems are generally defined as democratic despite their sponsorship of discrimination, electoral fraud, political repression, illegal interception of communications, infiltration into lawful organizations, disinformation, and imprisonment, torture and execution of dissenters at both home and abroad. But democracy is not always or necessarily so limited, and it can offer a vitally important platform for the promotion of the interests of the majority (see section 4).

The mismatch between political freedom and economic exploitation was also observed, implicitly, by advocates of bourgeois rule. At one level, concern that extension of the franchise would allow a proletarian majority to undo the existing social system was evident in writings by Locke, Madison, Mill and de Tocqueville. Conversely, the possibility that the majority might choose a tyrant was noted in Popper (1945). This concern also underpinned Samuel Huntington's (1991) 'paradox of democracy', whereby democratic experiments often brought in their wake nationalistic populist movements (for example, in Latin America) or fundamentalist movements (for example, in Muslim countries). At another level, in *The Road to Serfdom*, Hayek (1944: 70) argued that '[d]emocracy is essentially a means' for safeguarding individual freedom, and that it is not 'the

fountainhead of justice', since majorities must recognize 'proper limits to their just power'. In *The Constitution of Liberty*, he claims tellingly that the 'limits [of democracy] must be determined in the light of the purpose we want it to serve' (Hayek, 1960: 108). These are, firstly, a method of non-violent social change; secondly, a 'safeguard of individual liberty'; and, thirdly, 'a process of forming opinion ... [with regards to] some general conception of the social order desired' (1960: 107–109, 114). This approach was further elaborated in Milton Friedman's *Capitalism and Freedom*, which lauded competitive capitalism 'as a system of economic freedom and a necessary condition for political freedom' (Friedman, 2002: 4, 7–10). Such approaches eventually led to public choice theory's claim that there is no such thing as public interest or even an autonomous state. Every interest is private, and bureaucrats are only trying to maximize their own welfare by manipulating political power. At this point, the mainstream theory of democracy reaches its limits.

## 2. Democracy in the Age of Neoliberalism

Neoliberalism is the contemporary mode of existence of capitalism. This global system of accumulation emerged gradually, since the mid-1970s, through successive attempts to stabilize the global economy, reduce the power of labour, recompose capitalist rule and restore profitability after the disarticulation of the Keynesian-social democratic consensus, the paralysis of developmentalism and the implosion of the Soviet bloc (Duménil and Lévy, 2004; O'Connor, 2010; Saad-Filho, 2003, 2007; Saad-Filho and Johnston, 2005). Neoliberalism is based on the systematic use of state power, under a 'free market' cloak, to transform the material basis of accumulation at five levels: the allocation of resources, international economic integration, the role of the state, ideology, and the reproduction of the working class (Jessop, 1991).

Critically important for the purposes of this article, under neoliberalism the state's influence upon the allocation of resources (the level and composition of output, employment, investment and consumption, the structure of demand, state finance, the exchange rate and the patterns of international specialization) has been systematically transferred to a globalized financial sector dominated by US institutions. Neoliberalism also redefines the relationship between individuals, society, state and the economy, encouraging individuals to give their lives an entrepreneurial form, and subordinating social intercourse to economic criteria.<sup>9</sup>

The roll-out of neoliberalism has been closely associated with the defeat of the left and the organized working class, and the spread of formal democracy in Latin America, Eastern Europe, 'sub-Saharan' Africa and, more recently, in parts of North Africa and the Middle East. This coincidence of events, in concert with the expansion of a rationality centred around 'individual freedom and initiative' (Held, 1996: 253), has elicited comments about the supposed 'natural fit' between market forces and political democracy. This section examines why and how formal democracy has come to constitute the political form of neoliberalism.

Such a claim may seem inapposite, since neoliberalism has often been 'productive of authoritarian, despotic, paramilitaristic, and/or corrupt state forms and agents within civil society' (Brown, 2003), and transitions to neoliberalism have often been effected by authoritarian regimes, typically, in the Southern Cone of Latin America in the 1970s (Díaz-Alejandro, 1985; Klein, 2007). Nevertheless, first, *most neoliberal economies are democratic* in the limited sense examined above. Second, *most non-democratic countries are not neoliberal* and, third, *most transitions to democracy* in the last 30 years, whether from military dictatorship, single-party rule, autocracy or Soviet-style socialism, *have been coeval with transitions to neoliberalism*.

Theories of democratization since the 19th century generally held that democracy was incompatible with the early stages of economic development (see section 1). Even in the 1980s it was

commonly argued that authoritarian regimes could more easily force through the shock therapy associated with the neoliberal reforms, because their greater capacity for coercion allowed them to enforce the unpopular policies required to achieve long-term economic gains (Abrahamsen, 2000). Similarly, the Trilateral Commission's 1975 *Crisis of Democracy* report famously alerted to the need to moderate the 'excess of democracy' achieved in the West during the previous decade. It noted that 'Truman had been able to govern the [United States] with the cooperation of a relatively small number of Wall Street lawyers and bankers'. However, by the mid-1960s this was no longer possible, since 'the sources of power in society had diversified tremendously' and governability was threatened by 'previously passive or unorganized groups' including 'blacks, Indians, Chicanos, white ethnic groups, students and women – all of whom had become organized and mobilized in new ways to achieve what they considered to be their appropriate share of the action and of the rewards'. Their 'concerted efforts' to 'establish their claims' and 'control over ... institutions' violated the proper 'balance between power and liberty, authority and democracy, government and society', because '[t]he effective operation of a democratic political system usually requires some measure of apathy and noninvolvement on the part of some individuals and groups'.<sup>10</sup> The report pointed to the importance of reducing the demands on government and restoring 'a more equitable relationship between government authority and popular control', while cautioning that 'a decline in governability of democracy at home means a decline in the influence of democracy abroad' (Trilateral Commission, 1975).

This report was prescient. For the political project of neoliberalism includes a modality of democracy which 'explicitly isolates the political from the socioeconomic sphere and restricts democracy to the political sphere. And even then, it limits democratic participation to voting in elections' (Robinson, 2006: 100; see also Gills and Rocamora, 1992; Gills, Rocamora and Wilson, 1993 and Jessop, 1991). This project is predicated on a concept of citizenship springing from *consumption*. Individuals are regularly invited to make a token visit to the polling booths, where they consume the freedom to vote by registering their preferences in much the same way as they express their identities by choosing soft drinks, clothes, schools and hospitals. Meanwhile, the substantive choices about the nature of social provision, the structure of employment and the distribution of income are made elsewhere. This sterilization of the political process, through its insulation from radically different perspectives, strategies and goals, amounts to the *depoliticization of politics* (Munck, 2005). Unsurprisingly, in neoliberal democracies political parties increasingly comprise 'a self-reproducing inner elite, remote from its mass movement, but nested squarely within a number of corporations, which will in turn fund the opinion polling, policy-advice and vote-gathering services' in exchange for political influence (Crouch, 2004: 74; see also Leys, 2008). While

elections exist and can change governments, public electoral debate is a tightly controlled spectacle, managed by rival teams of professionals expert in the techniques of persuasion, and considering a small range of issues selected by those teams. The mass of citizens plays a passive, quiescent, even apathetic part, responding only to the signals given them. Behind this spectacle of the electoral game, politics is really shaped in private by interaction between elected governments and elites that overwhelmingly represent business interests. (Crouch, 2004: 4)

Only once democracy has been suitably atrophied can it be claimed that capitalism flourishes best under a democracy, or that democratic values can be protected only in a market economy (Lipset, 1994). This new orthodoxy became established gradually (van der Pijl, 2011). The simultaneous spread of formal democracy and neoliberalism since the early 1980s demonstrated that political openness was compatible with 'economic responsibility',<sup>11</sup> allaying fears that political openness would feed unruly populism in the South. At the same time, the perceived threat of

undependable ('rogue') dictatorships increased, helping to shift the balance of risks for the global neoliberal elite (Kiely, 2007; Robinson, 2006). The new democracies repeatedly proved their mettle by imposing unpopular economic reforms, while successfully channelling disaffection into electoral politics rather than revolutionary struggle. By the early 1990s, a positive correlation between democracy and development was proclaimed. Thus, democracy could be 'instituted at almost any stage of the developmental process of any society ... irrespective of its social structure, economic condition, political traditions and external relations, and ... it [would] enhance development'. Democratic governance was no longer considered the 'outcome or consequence of [capitalist] development, as was the old orthodoxy, but a necessary condition of development' (Leftwich, 1996: 4).

These analytical and policy shifts were validated by the new academic discipline of 'transitology'. Its principles were outlined by Dankwart Rustow in the 1970s, and developed further by Linz and Stepan (1978), O'Donnell, Schmitter and Whitehead (1986), Diamond, Linz and Lipset (1988–89) and Huntington (1991). Transitology elides high theory and supports a narrowly procedural notion of democracy. It privileges (political) 'choice' against (economic) 'structure', attributes great significance to leadership and the role of political elites, and endorses the withdrawal of the state from direct economic intervention (Cammack, 1997). Such thinking also accorded with the emergence of the post-Washington consensus in the 1990s, inspired by new institutionalist economic theory (Fine, Lapavistas and Pincus, 2001). The new 'consensus' shares with the democratization project a concern with a broad set of policy recommendations, rather than a narrowly focused shock therapy agenda, and it aims to create a government apparatus which can enable a market-based modality of development that is, simultaneously, socially inclusive (see CGD, 2008, in contrast with the previous 'consensus' sketched in Williamson, 1993). The promotion of formal democracy in the developing countries has also been embraced by the development industry: the Washington institutions could finally establish a dialogue with the aid agencies, NGOs and political movements which, in the not-too-distant past, had criticized the human cost of the Washington consensus and its close links with political repression (Bracking, 2009).

The neoliberal reforms have imposed (financial) market imperatives and transferred to finance the responsibility for allocating social resources, while political democracy has sustained these reforms through a widely respected constitutional order, independent central banks, and the conditionalities imposed in exchange for debt relief and aid. Significantly, once the neoliberal reforms have been introduced formal democracy makes it *harder* to reverse them, because it embeds the logic of financial policy discipline into the country's institutional fabric. In doing this, neoliberalism aims to foreclose the possibility of constituting – or even imagining – democracy in any other terms (Ayers, 2009).

### 3. The Limitations of Neoliberal Democracy

Neoliberalism has intensified the evacuation of capitalist democracy, and turned it into a tool supporting the neoliberal restructuring of social reproduction. In turn, neoliberal democracy has contributed to the fragmentation of the working class and other potential sources of opposition, helping to stabilize both neoliberalism and its modality of democracy. These processes have stretched the contradictions of democracy (outlined in section 1), suggesting fundamental limitations to neoliberalism itself.

The contradictions of neoliberal democracy can be located at three levels. First, neoliberalism fosters accumulation through the reconstitution of capitalist class supremacy and the intensification of the exploitation of the majority, while decomposing the opposition, in part, through an increasingly debased form of democracy. However, the enforcement of a mutually

supporting relationship between the economic and the political domains of the capitalist relations of reproduction implies that tensions in one of them can contaminate the other. Second, the social and economic deprivations wrought by neoliberalism have aggravated the tensions between global capitalism and national states, including the impossibility of finding stable configurations of national (popular) sovereignty and international integration, the fluctuating scope for foreign intervention in case of deviations from neoliberal governmentality, and the intensification of religious, nationalist and xenophobic political programmes. Third, neoliberalism has bred a (largely constitutional) new authoritarianism, both through its own political development in the ‘heartlands’ and as an alternative to neoliberal democracy in the ‘periphery’.

### 3.1. *Economic and Political Imbalances*

Neoliberalism has circumscribed political democracy through the incremental exclusion of key economic matters from legitimate debate and the concentration of worldwide policy-making capacity in Wall Street and Washington, DC, leaving only matters of relatively minor importance open for debate. The evacuation of democracy was partly due to the material realities of this system of accumulation; for example, neoliberalism is driven by the global integration of production and finance, which has created the need for international policy harmony through negotiation, conditionalities and competition between countries. The evacuation of democracy was also, partly, engineered to protect neoliberalism (see section 2). The diffusion of a limited form of democracy has been accompanied by the imposition of specific modalities of social discipline upon the key social agents. Neoliberal states are compelled to enforce contractionary monetary and fiscal policies and restrictive welfare policies, which systematically benefit finance, under the continuing threat of fiscal, balance of payments and exchange rate crises. Industrial capital is disciplined by global competition promoted by the state and facilitated by a globalized financial system, and the financial sector is disciplined through its competitive international integration under a US-led regulatory umbrella. However, unquestionably the most stringent forms of economic repression have been imposed upon the working class, sometimes just as their political rights expanded.

Hundreds of millions of workers have been incorporated into transnational capital accumulation through the globalization of production, trade liberalization and financial integration. These have greatly increased competition between capitals and between (and within) national working classes. The global restructuring of production and regressive legal, regulatory and political changes have transformed the patterns of employment in most countries, reduced the efficacy of established modes of organization of the working class, and facilitated the imposition of restrictions to the wages, subsidies, benefits, entitlements systems and other non-market protections introduced in previous systems of accumulation. These technological, economic, legal and political shifts have sterilized the political institutions of the state, and severely limited the scope for constitutional resistance against neoliberal capitalism.

Social discipline has also been imposed through the financialization of the reproduction of the working class, most remarkably through the housing market boom and the expansion of personal credit in the last two decades, affecting particularly the US and the UK. Under their straitened circumstances – partly because of the disappearance of relatively well-paid skilled jobs and, partly, because of the retrenchment of the welfare state – many working-class households were drawn into systematic borrowing and chronic reliance on asset price inflation, through serial remortgaging, in order to meet their reproduction needs.<sup>12</sup> Pressures for repayment based on the threat of losing homes, cars and reputations helped to push many debtors into financial difficulties, including the need for long working hours in multiple precarious jobs, rising stress levels, and a declining propensity to engage in industrial or political militancy.<sup>13</sup>

This process is, ultimately, untenable. It has engendered chronic deficiencies of aggregate demand in parallel with the build-up of manufacturing overcapacity, especially in East Asia, and fed a diseased financial system which has generated the greatest economic crisis since 1929 and, subsequently, has choked the economic recovery (McNally, 2012; Saad-Filho, 2011). These economic constraints have created severe political tensions. In some countries, electorates have been coerced into backing neoliberal adjustment programmes under the impending threat of economic meltdown driven by the financial markets and their agents ensconced in the central banks. In others, elected leaders have been swept aside by constitutional coups d'état, and replaced by alleged non-party 'technocrats' – in reality, right-wing operators with no electoral track record but extensive experience running the government machinery. In both cases, the neutered political systems in the West have demonstrated their inability to respond to the ongoing crisis, while their democratic veneer has been seriously corroded.

### 3.2. *Globalism and (Nation-)States*

Neoliberalism has internationalized the rule of capital across the domains of the economy, culture, ideology, politics and society. These processes have often been summarized under the term 'globalization'. Despite the significance of these processes, and the corresponding shrinkage of domestic policy space, (nation-)states remain the linchpin of social reproduction. Formally exclusively sovereign territorial states, involved in complex relations of integration, cooperation, conflict, domination and subordination, provide the essential conditions of accumulation in each country, not least the separation of the workers into rival national groups. They also drive, underwrite and administer the internationalization of production and finance, and articulate global capital with, and through, the domestic political economy, often justifying their policies through the imperative of 'national competitiveness' (Ahmad, 2004; Cammack, 2006).

This system of accumulation is fraught with contradictions. At its most abstract level, capitalism's separation between the political and the economic is expressed through a territorially-fragmented space, heightening the disjuncture between the two moments of exploitation: the coercive and localized process of extraction of surplus value, and its conflict-ridden and, increasingly, globalized appropriation through a range of economic and political processes. These contradictions surface through tensions between and within states, and through the drift into dysfunctionality of the neoliberal system of global governance. Examples include the proliferation of 'failed states', the multiplication of 'humanitarian' interventions to secure the space for globalized accumulation, disputes over the remit of international institutions and the limits of foreign oversight of domestic policy, and the creeping paralysis of the WTO, the UN Security Council, the World Bank, the IMF and the European Union (Akyüz, 2010; Ayers, 2012; Khor, 2010).

The mainstream did not expect to face these difficulties so soon after its proclamation of 'the end of history'. They have been accompanied by the emergence of a new generation of proto- and neo-fascist movements, growing scepticism about the international institutions, and the decay of national political systems, which have become ill-equipped to address local economic difficulties.

### 3.3. *New Authoritarianism*

Under neoliberalism, overtly market-driven imperatives coexist somewhat uneasily with a distinctly illiberal agenda towards civil liberties and collective action. The conflict between these economic and political imperatives has reconfigured political democracy. While it remains formally inclusionary, neoliberal democracy is substantively exclusionary at the levels of the

economy (concentration of income, unemployment) and human freedom (political repression, intolerance of dissent). The ideology of self-responsibility has been spectacularly successful on both counts. It deprives the citizens of their collective capacities, and places the merit of success and the burden of failure on isolated individuals (see Worrell, 2013). Self-responsibility renders the neoliberal social order immune to social dissent, because it 'interprets any extant and prospective *social* issue as a *private* concern' (Bauman, 1991: 189, italics in original). It also suggests that the solution to every social problem requires the state to 'retreat' further.

Neoliberal democracy has also built upon the trend towards paramilitary policing which emerged in most Western countries since the 1960s. By the 1980s, repression had become part and parcel of the neoliberal rollback of social programmes. As poverty and homelessness increased, financially-straitened states directed increasing sums to social control, building prisons and giving the police military-grade weapons which, in the US, have bred a 'prison-industrial complex'. The other components of the law-and-order agenda were put in place gradually: public hysteria about drugs, crime and terrorism, the imperative of social cleansing through urban regeneration initiatives, mounting repression against immigrants and refugees, the creeping closure of legal avenues for dissent, and the systematic monitoring of social intercourse (Gordon, 2006; McNally, 2006). This process has tied in seamlessly with the post-2001 'national security' agenda spreading across North America, Europe and Australasia, which discriminates heavily against (poor) people from the South, Muslims, and other potentially dissenting groups (Herman, 2011).

The attacks on September 11, 2001 have ushered in a brand of political theology in the US not dissimilar to that of Nazi legal philosopher Carl Schmitt. According to such models of political authoritarianism, 'exceptional historical moments ... require a suspension of norms, e.g., curtailment of civil liberties and other deprivations and necessary sacrifices, and that the executive (the President) is justified in exercising what amounts to dictatorial and unconstitutional powers' (Worrell, 2013: 16). This model also underpins the resurgent binary opposition of either 'with us' or 'for the terrorists' that has characterized American geopolitics since 9/11. Even prior to the collapse of the USSR, 'terrorism' had been seized upon as a potential threat that could

legitimate a more-of-the-same posture that would continue to plow trillions of dollars into the military industrial complex, augment the state security apparatus, and demand further austerity for Americans and subjugated nations in order to fund yet another wave of military adventurism. (Worrell, 2013: 18; see also Worrell, 2011)

The unfolding of neoliberalism has severely degraded political freedoms while, simultaneously, corroding the political structures which provide essential support to the reproduction of this system of accumulation. Neoliberalism has concentrated income and power back to levels last seen in the 1930s, diluted the accountability of the state, and ratcheted up state-sponsored intolerance against collective action and against racial, national, religious, political and other minorities.<sup>14</sup> Each success has consolidated the hegemony of neoliberalism while, simultaneously, eroding its political legitimacy and demonstrating that individual initiatives cannot counteract its socially regressive logic. *The triumph of neoliberalism has posited the need for collective action against it.* Whilst mass initiatives have achieved only limited successes so far (see section 4), failure has also triggered continuing experimentation with new modalities of resistance. Effective ones will eventually be found, not least in the face of continuing macroeconomic crisis, providing a strong incentive for the mobilization of larger numbers of people. Accommodation will gradually become impossible, while enhancing repression will threaten the political foundations on which neoliberalism currently stands.

## 4. Transcending Neoliberalism through Radical Democracy

Neoliberalism has transformed the political landscape. The political spectrum has shifted to the right; left parties, trade unions and mass organizations have imploded in most countries, and domestic politics is now driven by the need to insulate 'the market' from popular demands – that is, the imperative of labour control to secure international competitiveness. Job security has declined and unemployment has risen almost everywhere. Experience shows that these income-concentrating dynamics of accumulation can be limited, but not reversed, by marginal (Keynesian) interventions.

These economic, political and social transformations are mutually reinforcing and, to-date, they have secured the stability of the neoliberal system of accumulation. This section reviews the strengths and the main contradictions of neoliberalism, examining the vulnerabilities which may play a role in the construction of an alternative system of accumulation. It will be argued that, since neoliberalism has reshaped social relations and transformed the material basis of social reproduction, it cannot be dislocated primarily through the ballot box. Yet, the main lever of transcendence of neoliberalism must be political, and based on the *expansion and radicalization of democracy*. Five areas of vulnerability of neoliberalism are especially relevant.

First, 'economic deregulation' and 'globalization' have dismantled the established systems of production, reduced the degree of coordination of economic activity, created undesirable employment patterns, fed the concentration of income and wealth, and precluded the use of industrial policy instruments for the implementation of socially determined priorities. In doing this, and despite claims that it delivers macroeconomic stability, sustained growth and improvements in living standards, neoliberalism has sapped growth and social welfare, fuelled unsustainable patterns of production and consumption, and increased economic uncertainty, volatility and vulnerability to (financial) crisis.

Second, financial sector control of the main sources of capital has systematically favoured large capital at the expense of small capital and the workers, belying neoliberal claims to level the playing field and foster competition. Because of its strategic economic position, mediating payments, savings, investment flows and international transactions, finance can drain capital from production, and its activities have often created economic volatility and balance of payments instability. At a further remove, the globalization of financial markets 'is essentially an *Americanization of financial institutions*' as the specific institutional structure and speculative dynamism unique to American finance displaces other financial systems (Krier, 2008: 131). As such, American-style transactional finance is attaining a global hegemony with virtually every economy in the world ... moving toward the adoption of American-style financial institutions' (Krier, 2005: 266). This institutional structure underpins the essentially speculative character of contemporary US finance, which shapes other aspects of economic life, especially the stock-market driven restructuring of industry.<sup>15</sup> This modality of speculative management has been highly destructive, as speculators' drive for short-term share price has resulted in the devaluation of constant capital and the wholesale elimination of jobs. In finance-driven economies, accumulation has tended to take the form of bubbles which eventually collapse with destructive implications and requiring state-sponsored bailouts. These cycles have included the international debt crisis of the early 1980s, the US savings and loan crisis of the 1980s, the stock market crashes of the 1980s and 1990s, the Japanese crisis dragging on since the late 1980s, the crises in several middle-income countries at the end of the 20th century, and the dotcom, financial and housing bubbles of the 2000s, culminating with the current global meltdown. At this level, too, neoliberal claims to promote stability and growth have no basis in reality.

Third, neoliberal policies are justified ideologically through the imperatives of 'business confidence' and 'competitiveness'. This is misleading, because confidence is intangible, self-referential

and volatile, while the pursuit of competitiveness amounts to the self-infliction of capital's imperatives, usually for someone else's profit. It is, then, unsurprising that the mainstream systematically overestimates the investment and growth rates ensuing from the neoliberal policy prescriptions, while sweeping under the carpet the inevitable spread of fraud and criminality in economic life.

Fourth, the neoliberal policies are not self-correcting. Instead of leading to a change of course, failure to achieve their stated aims generally leads to the deepening and extension of the reforms, with the excuse of ensuring implementation and the promise of 'imminent' success this time around.

Fifth, as detailed above, neoliberalism is inimical to economic democracy, and it hollows out political democracy.

The ongoing global crisis has exposed these contradictions of global neoliberalism, and disrupted its reproduction to an unprecedented extent. The crisis has also shaken the political legitimacy of neoliberalism, and raised the imperative to change the system of accumulation. This is not a straightforward demand. Despite its contradictions, outlined in previous sections, the material basis of neoliberalism – the patterns of production, employment, trade and finance developed during the last 30 years – remains firmly in place, and has even been reinforced with each successive crisis (Saad-Filho, 2011). In contrast, *neoliberalism is increasingly vulnerable at the political level*, where repeated mismatches between promises and reality, structural contradictions and successive crises have sapped its legitimacy. At the same time, the hollowing out of democracy blocks the political expression of dissent and feeds apathy, populism and the far-right (Mair, 2009).

The economic strengths of neoliberalism, the corrosion of its ideological foundations, the sclerosis of the political institutions regulating its metabolism and the loss of credibility of the political process suggest that electoral strategies to replace this system of accumulation are limited, while attempts to do so primarily through changes in social, industrial, financial and monetary policies will invariably fall short of expectations. Neoliberalism cannot be challenged effectively through the political institutions and modalities of dissent which neoliberalism itself has put into place.

The implications of this approach can be gleaned by analogy with the experience of another system of accumulation. In his perceptive critique of the former Soviet Bloc states, Bauman (1991: 189–190, 192) argues that the

dictatorship over needs and monopoly over the means and procedures of needs-satisfaction [made] the communist state an obvious target of individual disaffection, but it cannot but collectivize individual frustrations in the same way it collectivized the vehicles of gratification ... [Thus, although opposition] came from diverse quarters and [was] motivated by diverse reasons ... the ... concentration of ... discontents, through their convergence on one well defined, undisguised and obvious target, added considerably to their collective strength and assured them of the effectiveness that they would not necessarily possess in another socio-political framework.

The metamorphosis of the defining features and the key sources of strength of Soviet-type regimes into their fatal weaknesses suggests that the capture of the political process by neoliberalism might bring similar consequences. On the one hand, the loss of democratic legitimacy can shred the political cloak sheltering the formulation, implementation and monitoring of neoliberal policies from majority influence. On the other hand, neoliberalism may not survive the recovery of the democratic rights lost in the last 30 years, and it is certainly incompatible with the extension of democracy into the economic domain.

A left strategy to build a democratic system of accumulation can focus on mass mobilizations to transform existing neoliberal states and processes of socio-economic reproduction and political representation. The new social movements ('anti-globalization', 'Stop the War', 'anti-capitalism',

'Indignados', 'Occupy' and so on) have challenged the legitimacy of neoliberalism and demanded the expansion of democracy, but they have not yet offered a systemic alternative including a new material basis of social reproduction. The demand for the *expansion and radicalization of political and economic democracy* can integrate a wide variety of struggles and support the emergence of these alternatives, while simultaneously destabilizing neoliberalism (Albo, 1997; Cairns and Sears, 2012, Ghosh, 2012; Rooksby, 2011, Roper, 2013 and the *Socialist Register 2013*, among a vast literature).

The economic democracy being advocated here can be defined at two levels. At the microeconomic level, it is determined by the influence of the workers in their place of employment. This type of democracy was significant in former socialist countries, especially Yugoslavia and the USSR, and it can reduce alienation in production and empower people in an important sphere of their lives. However, it can also reduce the degree of macroeconomic co-ordination, prevent the reorganization of the labour process, and sap the incentives for technical change (Campbell, 2011; Gunn, 2011). At the macroeconomic level economic democracy is determined by the degree of influence of the citizens upon the material conditions of social reproduction. This includes the economic policies and strategies of the state, the level and composition of the national product, the structure of demand and employment, the conditions of work, the level, structure and distribution of income, assets, transfers and taxes. Evidently, this article focuses upon the latter, while recognizing the significance of the former as well as the specific problems it posits, which cannot be examined here.

In suggesting this course of action – focusing upon the expansion and radicalization of macroeconomic democracy – social analysis must, first, recognize that each historical epoch, and each system of accumulation, brings with it a specific configuration of class and other relations, which correspond to definite modes of political representation and particular forms of struggle.<sup>16</sup> Second, socialism is not currently on the agenda and, while the left ought to reiterate its continuing relevance, this aspiration should not cloud the mass mobilizations which can take place today. Third, the consolidation of the new mass movements requires a renewal of the sense of *collectivity* which has been systematically dismantled by neoliberalism. Previously, collectivity drew upon a shared working-class culture, trade unions, left parties, nationalist campaigns and, in some countries, populist movements. These have been largely wiped out. New forms of organization will need to be experimented with, until some of them show traction. Fourth, while broad political alliances are indispensable, there should be no presumption that there is an antagonistic relationship between production and finance under neoliberalism, and no expectation that industrial capital will support (and, much less, lead) the emergence of alternatives to neoliberalism. The internationalization of accumulation and financial market control of state funding have made the realization of profits strictly dependent on the interests of global capital, making attempts to decouple from the neoliberal compact simply too costly for most capitalists.

The economic and political platforms against neoliberalism, and the aspiration for democracy, can be integrated through demands for *redistributive, democratic and sustainable economic policies*. These demands are, simultaneously, fundamental conditions for a substantive democracy, and incompatible with neoliberalism. They also reflect the notion that the most promising lever for challenging neoliberalism is *political*, both because neoliberalism's key vulnerabilities are in the political domain, and because political mass movements are essential for effecting meaningful social and economic changes.

Building alternatives to the dominant system of accumulation requires, then, the integration of economic and political demands. These directly bring to light the complementarities between democracy and socialism while, at the same time, demonstrating the incompatibility between capitalism and democracy. It is at this point that practical questions can be raised about transcending

*capitalism*, rather than merely one of its modes of existence. These demands can be driven forward only by a politically re-articulated working class, as one of the main levers for its own economic recomposition. The difficulty is that this virtuous circle cannot be wished into being. It requires the development of new structures of political representation corresponding to the current mode of existence of this class and, in turn, supporting the emergence of new modalities of social reproduction.

## 5. Conclusion

Advocates of neoliberalism have often drawn upon Friedrich von Hayek's notions of individual rights and freedoms to argue that markets provide a more efficient mechanism of resource allocation and conflict resolution than democratic processes. Market processes can address certain categories of conflict efficiently, but they are limited because they are predicated upon the social inequalities which structure social reproduction under capitalism. Market processes can also undermine popular sovereignty because they atomize society and dislocate the institutions protecting collective rights and providing public goods.

The incompatibility between (capitalist) market relations and the democratization of social relations is expressed, at different levels, by the paradoxes of democracy identified in this article. They also suggest that political democracy is a necessary but insufficient condition for economic democracy. Moreover, capitalism can accommodate only a limited political democracy, because the latter is based upon universal inclusion and equal rights, while market processes (the nature of capital posited as external necessity) are predicated upon minority control of the means of production and class-based disparities of influence over the conditions of social reproduction. Finally, competition and the spread of market relations generate inequalities of income and wealth that can limit both political and economic democracy. For example, the concentration of economic power facilitates the domination of the political process by the rich, and limits the capacity of the majority to influence the economic policies.

This article has also shown that neoliberalism has captured the political process and placed it at the service of capital. This capture has weakened conventional democracy beyond repair. On the one hand, pre-neoliberal civil liberties will not be restored easily. On the other hand, authoritarian modalities of governance have emerged both within and outside neoliberalism. However, the weakening of democratic structures of representation is, increasingly, blocking the political processes which help to secure the smooth accumulation of capital. The erosion of democracy is a direct product of neoliberalism where it is hegemonic, and it contaminates the alternatives currently in existence. It also undermines the stability of the global system of accumulation.

Recognition of the limitations of democracy under capitalism raises a final paradox: why should collectivities fight for the expansion of democracy if it is bound to be limited? This paradox can be addressed at three levels. First, democracy is valuable in itself, because it facilitates the expression of social preferences and can offer a platform for the improvement of the living and working conditions of the vast majority of people. Second, the contradictions between (substantive) economic and (formal) political democracy illuminate the limitations of neoliberalism, as the contemporary form of capitalism. Third, the expansion of economic and political democracy requires the extension of the political sphere. Specifically, political struggles about the nature and content of democracy bring together individual and social motivations, and they can throw into question the class relations and the ultimate limits of capitalism. For example, they can show that democracy can become more than an institutional shell, acquire transformative content, and include critically important spheres of life *only* if the capitalist monopoly of economic power is abolished. In this sense, struggles against neoliberalism can be supported by mobilizations around *democracy*. In

turn, success depends on the extent to which these democratic movements become *anti-capitalist*. The expansion of democracy operates, then, as a synthesis of many determinations in the mobilization against neoliberalism.

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### Notes

1. Gallie (1956); see also Connolly (1993) and Diamond (2008). As Kurki (2010: 372) has noted, mainstream scholars 'make fleeting references to the essential contestability of the idea of democracy ... before speedily returning to the liberal consensus view of democracy'.
2. Western powers have been selective in their approach to democratic reforms in the postcolonial world, ignoring gross violations of human rights and 'governance failures' in, for example, Algeria, Colombia, Indonesia, Niger, Pakistan, Sri Lanka, Uzbekistan and much of the Middle East. Western agencies have also routinely prioritized economic liberalization over democratic sensitivities, as in the former Soviet Bloc. Finally, Western intervention has regularly throttled autonomous democratic processes, as in Angola, Brazil, Chile, Iran, Mozambique, Nicaragua and across the Middle East. More recently, interventions have been justified by the imperative to secure countries for democracy and human rights, as in Afghanistan, Bosnia-Herzegovina, Côte d'Ivoire, Iraq, Kosovo, Libya and Mali (see Fasenfest, 2011).
3. For notable critiques of polyarchy see Cammack (1997: ch.1), Macpherson (1977), and Robinson (1996).
4. In this article, the terms 'conventional', 'political', 'liberal', 'procedural', 'formal', 'capitalist' and 'bourgeois' democracy are used interchangeably.
5. See Eley (2002). Wood (1995: 211) rightly argues that '[t]he devaluation of citizenship entailed by capitalist social relations is an essential attribute of modern democracy. For that reason, the tendency ... to represent the historical developments which produced formal citizenship as nothing other than an enhancement of individual liberty – the freeing of the individual from an arbitrary state ... – is inexcusably one-sided'.
6. '[W]e are citizens ... For the poor it consists in sustaining and preserving the wealthy in their power and their laziness. The poor must work for this, in presence of the majestic quality of the law which prohibits the wealthy as well as the poor from sleeping under the bridges, from begging in the streets, and from stealing bread' (France, 2009, Kindle Locations 1044–1047).
7. For a similar argument, see Roper (2013).
8. Parenti revised his views in the late 1980s, arguing that democracy is not merely a 'subterfuge' or 'cloak' created by ruling elites, although it can serve that purpose; see Parenti (2011). As Therborn (1977: 3) argues, '[t]he bitter experiences of Fascism and Stalinism ... have taught the firmest revolutionary opponents of capitalism that bourgeois democracy cannot be dismissed as a mere sham'.
9. See Lemcke (2001: 198, 202). For a neoliberal argument about the restructuring of the state, see Osborne and Gaebler (1992).
10. A further threat was posed by 'the intellectuals and related groups who assert their disgust with the corruption, materialism, and inefficiency of democracy and with the subservience of democratic government to "monopoly capitalism"'. They constitute a threat to democracy by their 'unmasking and delegitimization of established institutions', causing 'a breakdown of traditional means of social control'. They 'challenge the existing structures of authority' and even the effectiveness of 'those institutions which have played the major role in the indoctrination of the young' (Trilateral Commission, 1975).

11. Sachs (2000) argued that Bolivia 'showed that you could combine political liberalization and democracy with economic liberalization. That's an extremely important lesson, to have both of those working in parallel and each one reinforcing the other'.
12. For detailed studies of the financialization of the reproduction of the US working class see Kotz (2009), Krippner (2005) and Montgomerie (2009).
13. See Collini (2010), Kotz (2009: 310) and UNCTAD (2012).
14. Bourdieu (1998: 4) alluded to 'the destruction of all the collective institutions capable of counteracting the effects of the infernal machine'.
15. As Krier details, the key dimensions that underpin the inherently speculative character of American securities markets include mass participation in financial markets, the structure of financial intermediation (and the privileging of *market* intermediation), the relative dominance of secondary markets, the accommodation of extensive speculation relative to investment, the emphasizing and predominance of equity (as opposed to debentures), the preponderance of 'private associations' as the principal organizational form of financial securities markets, and the form of financial accounting and extensiveness of financial information available to market participants. Collectively, these seven dimensions underpin the analysis 'of corporate reorganization for speculative gain in contemporary America' (Krier, 2008: 136; see also Panitch and Gindin, 2012).
16. See McNally (2012) for a contemporary survey. For an earlier period: 'history ... has not merely dispelled the erroneous notions we then held; it has also completely transformed the conditions under which the proletariat has to fight. *The mode of struggle of 1848 is today obsolete in every respect*' (Engels, 1998: 10, emphasis added).

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