



Max Weber Lecture

20 April 2011, 17.00, Max Weber Programme,
Villa La Fonte, Conference Room

“The Crisis in Context: Democratic Capitalism and Its Contradictions”

Wolfgang Streeck, *Max Planck Institute for the Study of Societies, Cologne*

Abstract:

The “financial crisis” and its sequel, the current sovereign debt crisis, appear to be the latest permutations of an old conflict between capitalism and democracy that forcefully reasserted itself after the end of the postwar growth period. Present calamities were preceded by high inflation in the late 1960s and 1970s, rising public deficits in the 1980s, and growing private indebtedness in the 1990s and 2000s. In each case, governments were faced with popular demands for prosperity and security that were incompatible with an allocation of life chances by free markets alone. Rather than the result of faulty economic management, inflation, deficits and financial under-regulation must be understood as temporary stopgaps to satisfy democratic-political claims for “social justice” alongside economic-capitalist requirements of profitability and distribution by marginal productivity. The risks associated with the inherent contradictions of democratic capitalism may have increased in recent years, with potentially disruptive consequences for the *social integration* of democratic polities as well as for the *system integration* of advanced market economies.