We are currently experiencing a major crisis of democracy. What is at stake here is the specifically political dimension of a broader, multifaceted crisis, which also has other important dimensions—for example, economic, financial, ecological, and social. Taken together, all of these aspects, including the political dimension of democratic crisis, add up to a “general crisis.” It is at bottom a crisis of capitalism—or rather, of our current, historically specific form of capitalism: financialized, globalizing, neoliberal capitalism.

Among the many strands of this crisis, the political strand is especially important—above all, in a practical sense, as it is the key to resolving the others. Absent a successful reconstitution of democratic power, there is no hope of successfully addressing the ecological, economic/financial or social dimensions of crisis. The crisis of democracy demands our attention, both for its own sake and for the sake of our other problems.

In what does the political strand of the present crisis consist? Fundamentally, there are two aspects: an administrative aspect and a legitimation aspect. Let me explain each aspect briefly before discussing the decisive question of how they relate to each other.
First, the administrative aspect: Democracy requires institutionalized public powers with sufficient capacity to actually solve problems and deliver results. Such powers must be able to take and enact binding decisions in the public interest and impose them on private powers, such as corporations, who might prefer to evade political regulation. No democracy is possible in the absence of this institutional aspect. No democracy can survive if it lacks the administrative heft to govern. It must be able to translate public opinion into effective public policy, even against the wishes of large and possibly recalcitrant private powers.

Next, the legitimation aspect: Democracy also requires arenas and infrastructures of informal public communication. These “public spheres,” as they have been called, are sites in civil society where all who are governed can participate in free and open discussions aimed at assessing the legitimacy (or illegitimacy) of the powers to which they are subject. Through informal public communication in the press and other media, those who are governed must be able to scrutinize alternative policy proposals, while also clarifying their own interests and needs. Ideally, the result should be a body of “public opinion” that is normatively legitimate—because it is arrived at through a communicative process that is open, unrestricted, inclusive, and fair. Ideally, too, public opinion should be practically efficacious: able to influence or constrain administrative power, so that the latter really does act in the public interest. Put differently, public opinion formed in public spheres should be translated into public will.
It follows that democracies can fail in two respects. First, they can enter into administrative crisis, because they lack the regulatory capacity to successfully address and solve public problems. This is the case when, for example, the public powers of bounded territorial states are outgunned by huge oligopolistic corporations with a global reach. Second, democracies can enter into legitimation crisis, because the channels of public-sphere communication do not permit free and fair communications among all who are governed and/or because the public opinion such discussions generate lacks practical efficacy. This is the case when public communication is exclusionary or restricted and when it is ignored by governments who rush to do the bidding of private interests.

In the first case, the result is an administrative crisis. In the second, the result is a crisis of democratic legitimacy. But what is the relation between them? In theory, an administrative crisis should lead to a legitimation crisis of a robust sort. Arrangements that block public powers from acting in the public interest should be exposed as illegitimate in the public sphere. In the ensuing ferment, a roused body of public opinion should clamor for democratic reform or, when necessary, for deep social-structural transformation.

By all rights, something of this very sort should be happening today. We have all the makings of a major administrative crisis, as I shall explain. In addition, we have many ingredients of a full-blown legitimation crisis. In fact, however, the translation
from the first to the second appears to be blocked. Neither democracy’s administrative crisis nor its accompanying legitimation deficits gives rise today to mobilized collective action for structural change—at least not in the Global North. Why is this? And what follows for the future of democracy?

Consider, first, the administrative crisis of contemporary democracy. In fact, our instituted public powers increasingly lack the capacity and the will to stand up to private powers. As a result, they are unable or unwilling to solve such pressing problems as global warming in the public interest. Consider the following:

1) At the geopolitical level, the dismantling of the Bretton Woods regime of capital controls unleashed unregulated flows of financial speculation and deprived territorial state governments of control over their money supplies. As a result, those governments have been barred from introducing countercyclical deficit spending.

2) At the state level, governments prevented from resorting to “public Keynesianism” turned first to what Colin Crouch calls “privatized Keynesianism”: they encouraged consumer debt (home mortgages, credit card spending, student loans) in order to continue high levels of consumer spending under changed conditions of declining real wages, rising unemployment and precarity, and a militant coordinated tax revolt by corporations and the wealthy (Streeck); this policy of debt-fueled
consumerism promoted “civic privatism,” and thereby ensured adequate levels of political legitimation of a conveniently passive sort in the face of upwardly redistributive policies that might otherwise have elicited active protest.

3) When the 2008 financial crisis put an end to that scenario, the powers-that-be chose to sacrifice the interests of ordinary citizens and taxpayers to those of private investors. Bailing out the latter at the expense of the former, they tumbled straight into sovereign debts crises. Deprived of administrative capacity, not to mention democratic sovereignty, indebted states were then forced by the blackmail of the “markets” to institute “austerity.” The European Union, once considered the avatar of postnational democracy, rushed to do the bidding of the bankers, ignoring massive citizen protest, and forfeiting its claim to democratic legitimacy.

4) At the transnational level, meanwhile, we have seen the emergence of “governance without government,” i.e. the proliferation of private and quasi-public regulatory agencies which make coercively enforceable rules that govern vast swaths of social interaction throughout the world. Examples include NAFTA and TRIPS (the international neoliberal regime of intellectual property rights). Utterly undemocratic, these governance structures often operate in secret and are in any case accountable to no one. Overwhelmingly
serving the interests of capital, it is far from clear that they could survive a genuine robust vetting in the public sphere.

5) Increasingly such neoliberal policies are “locked in” (made invulnerable to future change) by what Stephen Gill calls “the new constitutionalism.” For example, various international courts and dispute resolution bodies lock in “free trade” strictures, which are held to trump any conceivable state policies (past, present and future!) that would regulate labor relations and the environment in the interest of democratic publics. The democratic agenda is narrowed, preempted in advance.

6) At every level, moreover, we see the capture of public power by private (corporate) power. Some example include: overt and covert lobbying; the revolving door between government and private firms, which ensures that representatives of private interests increasing write the very regulations to which they are subject; the increased contracting out of public services to private firms (e.g. prison management and military functions, in the USA); the rise of PPPs (public-private partnerships) oriented to serving “consumers” as opposed to citizens, which change the qualitative meaning and character of “public services.”

7) In effect, public power is internally colonized, as its modus operandi is increasingly modeled on that of private firms. Government agencies are now
organized in terms of “profit/loss centers,” which compete internally for zero-based budget allocations. The Foucault-inspired literature on “neoliberal governmentality” has described this well.

I could cite many other examples, but these should suffice to demonstrate the general point that democracy is being hollowed out at every level. Political agendas are everywhere narrowed, both by external fiat (the demand of “the markets”) and by internal choice (corporate capture), as matters once considered to be squarely within the purview of democratic political action are now declared off-limits and devolved to “the markets”–which is to say, to oligopolistic corporate capital. The response to those who question these arrangements is TINA: “there is no alternative.” This is just the way the economy, and therefore the world, must work— or so we are told.

The overall result is a major administrative crisis. With respect to “output,” public powers cannot or will not deliver solutions to those in whose name they govern.

So what about the input side? Is there a legitimation crisis today? Certainly, our political institutions face major legitimation deficits at every scale. But legitimation deficit is not the same as legitimation crisis. In fact, the Global North sees little in the way of coordinated militant campaigns that would subject the current structures of financialized capitalism to sustained critique and transformation. What we see instead is a rise in rightwing extremism, increased demoralization, electoral
abstention, and a general retreat from institutionalized political activity into private life or neo-anarchist forms of “The Great Refusal” (Marcuse). The most promising movements, such as Occupy Wall Street and its European counterparts, which won widespread support in the early days of the current crisis, proved to be ephemeral, dissipating as quickly as they erupted and leaving behind little in the way of programmatic thinking or organizational structure. Today’s “Zadisme” in France is explicitly defensive and anti-programmatic, focused on “les zones à défendre,” not on transforming the social order.

The absence of a real legitimation crisis in the Global North becomes palpably evident when one considers the contrast case of Latin America. There, one sees a major counterhegemonic bloc committed to developing a true alternative to the present social order of neoliberal, financialized capitalism. This movement finds expression in the so-called “pink tide” of left and center-left governments that pursue developmental-statist projects. Its iconic figure is Argentine President Cristina Fernandez Kirchner, who has openly defied the blackmail of the bondholder “holdouts” and of the courts who have elevated the latter’s claims above those of democratic citizens. Another important expression is the massive enlargement of the public to include masses of poor, indigenous people, previously excluded altogether from political life. Along with this goes a major expansion of the political agenda through increased public-sphere communication; the continued proliferation and mutual coordination of progressive movements in civil society; the existence of healthy, open channels of communication and interaction between state
and civil society; and a palpable sense of regional solidarity—in Latin America, unlike in Europe, there really does exist a “transnational public sphere.”

Nothing remotely resembling this sort of productive legitimation crisis appears in the United States, where neoliberal thinking remains hegemonic, and where many who suffer from it have been persuaded at least for now that their hopes for a better life are best fulfilled through “the market.” Nor do we see any counterhegemony of comparable breadth in Europe, where the palpable dislike of neoliberalism divides between authoritarian-populism and anti-Europeanism, on the one hand, and demoralized passivity and anti-programmatic neo-anarchism, on the other hand.

Why do matters stand like this today? And what is to be done?

For an administrative crisis to translate into a true legitimation crisis, certain enabling conditions must be in place. These have to do with political psychology and political culture, with the way in which people understand their place in history and in society. Let me mention three such presuppositions for the sort of crisis of legitimation that could lead beyond the current impasse.

1) A genuine legitimation crisis presupposes subjects who conceive themselves as potential members of shared community of fate, jointly subject to the basic structures of global financialized capitalism, which can become an object of common concern and public scrutiny. They must conceive themselves, in
other words, as potential members of a public for whom the structures to which they are subject are matters of vital interest.

2) In addition, legitimation crisis presupposes subjects who interpret the crisis dynamics they experience as manifestations of system failures, not as fatalities, which could not be otherwise. They must reject, in other words, the neoliberal mantra of “TINA,” believing instead that “another world is possible” and that it is worth engaging in collective action in order to build it.

3) Then too legitimation crisis presupposes subjects who conceive history as open process, subject to political intervention aimed at solving collective problems in the public interest. They must feel a sense of shared responsibility for the political work of making right the wrongs and failures of the current system by constructing a new world order. They must invest their hopes in public action and ultimately in democratically accountable public power.

4) Finally, legitimation crisis presupposes subjects who believe they have the right to govern themselves and to determine collectively along with others what sort of world they want to inhabit. They must have the courage and the will to insist that their social arrangements be subject to democratic scrutiny and that those arrangements be changed if and when they fail to withstand such scrutiny.

Not all of these preconditions hold today in full-blown form, as neoliberal thinking has thrown them into doubt. But the seeds of many of them are present in latent
form. And these presuppositions could in principle be reactivated, made to bloom, through processes of public-sphere communication that contest the neoliberal commonsense that contradicts them. Whether and when that might happen we cannot now know. But the creation of robust, expansive, and inclusive public spheres on a transnational basis is key to this process. Only a revitalized democratic publicity can revive the psycho-political-cultural experiences and attitudes that are required to turn our administrative crisis into a true legitimation crisis. And only a legitimation crisis of that sort can lead to the sort of deep-structural transformation of the financialized capitalist order that is needed to resolve in an emancipatory way all the strands of the multidimensional crisis complex we currently face: ecological, social, and economic, as well as political.