

8

The Market, the State, and the End of History*

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I have neither submitted nor written the contribution that was originally planned for this book. In my view, the pace of change in the world has accelerated to such a degree that a considered judgement on the end of history thesis is quite impossible. Just imagine, I submit a contribution on the end of history thesis, and shortly afterwards the world revolution breaks out in either Untermerzbach or Obervolta! Then, instead of ending, history, would begin anew and in entirely different forms.

Still, there is some merit in Fukuyama's (1992) unutterable yarn. History, of course, has not come to an end with the victory of either pure capitalism or the form of the state which is usually called liberal democracy. Rather, what has ended is a specific epoch of social development. By this I mean neither Fordism nor Modernity, both of which continually arise anew anyhow. What is, however, disintegrating on an increasing scale is the domestic market and the national state. Both, it seems, fail to cope with the changing reality that the expansion of the market and the delimitation, perhaps even deformation, of the political represents. The pertinent question, then, is whether the historically integrated relationship between the domestic market and the national state has indeed been transformed. It is quite remarkable that the old problem which Marx discovered, constantly re-surfaces and this in particular when former demarcations become untenable and societies begin to burst the banks of their former boundaries. This problem is that of relationship between market and state, between the economic and the political. Tied to this is the following question: is it the market or the state, the economic or political, to which either primacy or at least visible autonomy should be accorded? It seems that the changed reality lies in the powerlessness, that is the erosion, of national state boundaries and in the irrelevance of delimited markets. We find

ourselves in the midst of the creation of a world market society in which production, distribution and reproduction are 'globalized' – this is the term that has been offered as a summary of contemporary developments.

I would like to begin with an emblematic observation on the relationship between the economic and the political. When the German Chancellor makes a historically significant speech on the topic of European unity and on the necessity of a common currency, the European Press acknowledges this with a few lines on the fourth page of the newspaper. Conversely, when the President of the German federal bank, the Bundesbank, utters a few words on the same topic, this affords front-page headlines – and quite rightly so!

The world market society, our present reality, is labelled globalization. Apart from its ideological status in social conflict – that is, the attempt of capital to make European labour accept unconditionally high unemployment and low wages – the term globalization presents something quite different; namely, the complete commercialization and commodification of social life. In other words, the so-called laws of the market, operating at a global scale, penetrate and condition everything from industrial production to cultural production. Bourgeois society rests upon the operation of these laws and it is these laws that transform bourgeois society into a world-wide ensemble of commodities. Clearly this the best of all worlds. The media seems eager to convey this message. For instance, the *Financial Times* of 24 December 1993, endorsed the creation of a world market society as *the* wealth-creating system which, today, is universally considered as the most effective ever devised by humankind. The *Financial Times* demonstrated its acumen by stating that this system remains an 'incomplete force', since 'about two-thirds of the world's population have gained little or no substantive advantage from rapid economic growth. In the "developed world" [this is us] the lowest quartile of income earners has witnessed a trickle-up rather than a trickle-down'. That this one-quarter has since expanded to include half the population, shall be noted only in passing. Behind this 'still incomplete' movement towards the world market society lies a disturbing end towards which we are obviously heading. To be sure, an end which entails something more essential than is indicated by both the unrestricted movement of capital and the globalization of the labour market. What is in fact occurring amounts to the total subsumption of all human, social life to the requirements of the 'accumulation of wealth' – as Hegel, before Marx, termed the accumulation of capital.

Decisive, then, is the accumulation of capital which, regarding individual capitals, proceeds with the capital formation of the 'multinationals'.

This expression indicates two problems. The first concerns the obsolete character of the political form of the national state, from which the economy of a world market society has departed for quite some time. Within the European context, for instance, the following claims have become all too familiar: unemployment can no longer be dealt with in a domestic context; domestic industry is no longer competitive; the European currencies have reached a state of permanent crisis *vis-à-vis* the dollar and the yen. The second problem posed by the accumulation of capital based on 'multinationals', is more important than the first problem. It concerns the role of the state. If there is a complete subsumption of all and everything to the requirements of global capital accumulation, and if there is an even stronger limitation – because the political is merely geared towards the stabilization, safeguarding and further development of the accumulation of capital – placed upon the political rendering it merely an *ancilla pecuniae* [servant to money], then, what sort of autonomous space and *independent reality* remains for the state? Should it really be the case that it is capital that realizes Fichte's dream (long before Marx) of the withering away of the state?¹

In 1954, the US-American author Adolf E. Berle offered a peculiar thesis. He argued that the rate of profit of US corporations was so high that they had acquired the ability to organize, by themselves and without the good offices of the state, what we call social reproduction. Berle even went so far as to designate, in chapter 5 of his book, this system of capitalism as *civitas dei* [God's civilization]. Indeed, such a development would, whether conceived theologically or not, amount to the end of history, that is, the complete removal of the political by the economic.

Nevertheless, the problem that 'globalization' poses, manifests itself differently. The consequences of globalization and of subsumption effect not just the sphere of the market but, also, the *ability to organize* (*Organisierbarkeit*) social reproduction. Although the world market might well assert itself, there still remains the problem of the world-wide institutionalization of its processes and dynamics. My argument here is based on a general assessment of the social character of the capitalist mode of production. On the one hand, capital constantly seeks to impose its autonomy in relation to the political; yet, on the other hand, just like the domestic market, the world market requires political regulation. That is a form of regulation that stands beyond all specific interests. The issue, then, is that of the so-called regulative framework in and through which the global world of capital subsists and through which accumulation is safeguarded by law. Although we constantly hear about deregulation, upon closer inspection deregulation shows itself

as its exact opposite: the harsh and disciplinarian control of, for example, the labour market. It is well known that the Thatcherite deregulation of the market went hand-in-hand with the undermining – also in normative terms – of the trade unions. That is to say, the capitalist mode of production cannot exist without a legal order. Surely the development of the *Rechtsstaat* (with which we are all quite content – apart from our rude awakening of its true qualities)² which developed in parallel to the advancement of capitalism, has not occurred merely by chance. In our societies (presumably in other societies as well), the legal system does not just impose itself as if it were to exist in itself and on its own accord. That is, the law is neither its own master nor a subject endowed with its own authority and ability to make itself heard, and thus to enforce obedience. Law requires the existence of political power to enforce obedience. In short, capitalism, that is the capitalist producing and bourgeois constituted society, needs a political form. It needs, in other words, a form that is the master of the law, a master who possesses authority, offices and institutions for the implementation and imposition of law. More to the point, bourgeois society cannot do without the form of the state.

At this point, we are again confronted with the question of the validity of the state form and the governmental form that is called ‘liberal democracy’. But first a general observation: whatever the specific historical form of government of the bourgeois state, that is the state of capital, one basic principle always stands out, namely, that of constitutionality. Regardless of the specific form of government, it always rests upon this principle. Undoubtedly constitutionality is an achievement of human progress, something agreeable that guarantees legal security and transparency. Who would not wish to live in the bourgeois constitutional state?! Its strength lies in its formal transparency; its determination and indeed its *raison d’être* consists in the need for the capitalist mode of production to adhere to rules. Time and time again, commentators talk of the rules of the game, or better yet, the game of political power. This is more than likely due to the circumstance that, in the sphere of power, rather a lot is treated as if it were a mere football. The requisite of clear rules for the reproduction of our society revealed itself clearly in the case of Italian Fascism after the Matteotti crisis of 1925. In the face of growing political chaos, the Italian association of industry, the *Confindustria*, demanded from Mussolini, as a condition for its support, that the regime return to ‘normalcy’. Alfredo Rocco, who was the real creator of the Fascist state, took charge of the re-constitutionalization of the political. In effect, this secured the alliance.³

In respect to contemporary conditions, there is no change in the form of the national state as a liberal state. The bourgeois constitutional state, if it functions well, is both successful and efficient. I shall leave it to the advocates of 'liberal democracy' to characterize the bourgeois constitutional state as a benevolent [*menschenfreundlich*] state – if one were to assess it not from utopian perspectives but, rather, by its terrible realities. Indeed, there is much that could be said about its democratic character! Surely, it has succeeded in addressing the great quandry of mass political participation. I will not say that it has resolved this problem, but it has nevertheless found a way to by-pass it institutionally: the rulers are deputized by the ruled, and the deputized determine the share of power among themselves. The problem posed by mass political participation is by-passed because the principle of deputation, of representation, entails the participation of the population in the allocation of power and the exclusion of the population from the exercise of power. For us, though, the question of the bourgeois state form means something different. In general terms, the bourgeois constitutional state is not just favourable to the population, but it has also shown to be quite adequate for capital. There is no doubting the circumstance that one of the major achievements of the bourgeois world has been the discovery a form of political constitutionality which guaranties the predominance of the capitalist mode of production and, at the same time, satisfies the demand for mass political participation by the population. I had my doubts, in the past, about the relationship between capitalism and democracy, and this doubt persists insofar as a political form is concerned in which the people are endorsed as sovereign. Yet, I no longer have doubts about the conjugation of capitalism and a political form that manifests itself as 'liberal democracy'. More to the point, 'liberal democracy' and the capitalist form of social reproduction do quite well together.

Thus we have to ask ourselves what 'liberal democracy', in the form in which we know it, actually is. This question has to be posed not only because 'liberal democracy' co-exists so well with capitalism but, also and more importantly, because it is so helpful and useful for capitalism. Why, then, has capital (and German capital in particular) not simply reconciled itself with 'democracy' but has, in fact, identified itself with 'democracy' to such an extent that the so-called 'western world' has become synonymous with this connection? It is within the context of this connection that we must, once again, pose Kant's question about the 'true character of the constitution' to discover, beyond the 'deceitful publicity' of the constitutional text and beyond the professions of its mystical lovers, the reason for this successful connection.⁴

The answer to our question would be fairly obvious, if we were to look merely at the determination of the real political sovereign, that is, the determination of those who have the political power to decide on the so-called state of emergency.⁵ It is a well known fact that this political sovereign is not, and indeed are not meant to be, the people. (Just to note that this derives, not as many assume from Carl Schmitt, but instead from the same Kant of the *Conflicts of Faculties*.)⁶ However, the determination of the 'true sovereign' is not sufficient: It does not expose the secret of the successful connection between 'liberal democracy' and capitalism. In what follows, I will try to reveal the secret of this success in a concise manner and, at the same time, propose a semantic clarification.

On the one hand, there is the functionality of the constitution. The constitutional order is established and the organization of social reproduction is guaranteed and safeguarded within this 'peaceful' framework. On the other hand, this guarantee is itself secured in that all opportunities, beyond the democratic virtue of 'voting', of active meddling in politics are excluded from the 'liberal democratic' principles of government. Active political participation by the population in the exercise of political power is, in fact, rendered obsolete and impossible. According to Spinoza's *Tractatus Politicus*, the *multitudo*⁷ which is the subject of the community, has created the *populare imperium* by virtue of its *potentia*. Yet, within the established reality of the constituted, that is the constitutional state, the *multitudo* loses its *potentia constituens* [constitutive power] and disappears in the politics of the *potestas constituta* [constituted power]. Politics, then, obtains only in the separation, that is, in the particularization of power [*Macht*]. This occurs initially through representation, and then through the concentration of power in the executive. The *potentia constituens* does not constitute the established relations of political practice; rather, it subsists within the relations of power in a mode of being denied. The *multitudo*, then, loses out to the authority of the state. Political practice subsists as constituted power. Sovereignty, although exercised according to rules and with changing personnel, is vested in those who determine the guiding principles of politics.⁸ Put differently, in spite of the presence of the masses, that is in the face of mass society and mass political demands, the right to make decisions is reserved for minorities. These rights are, of course, constitutionally regulated. In turn, 'liberal democracy' finds its true character within circumstances that are determined by the constitution itself. The true characterization of 'liberal democracy' is thus *constitutional oligarchy*. All other characterizations are distinguished by their unquestionably useful, and that is consensus creating and there-with pacifying, or peace-making, deceitful publicity.⁹

Even so, within the world market society, difficulties come to the fore concerning the continued adequacy of the constitutionality of the bourgeois state. The contemporary situation is characterized by both the complete breakthrough of the law of the market and by the bourgeois achievement of constitutionality. How does the one get along with the other? And how might it be possible to preserve constitutionality when its socio-historical conditions – better: the national societies and their domestic markets – no longer obtain? Of course, if the political organization of society is reduced to a mere functional discharge of law and order, the state remains necessary. Yet, it is questionable whether the state will necessarily remain constitutional. In other words, it is questionable whether both constitutionality and the rule of law [*Rechtsstaatlichkeit*] will remain appropriate to, can co-exist with, the total subsumption of the entire existence of social life to the rule of the market, which the contemporary creation of a world market society presents. The principle of representation obtains as a mediated form of mass participation, a form which keeps mass democratic participation to a minimum and which excludes the dependent masses from the exercise of power. It might well be the case that the undoubtedly clever invention of the principle of representation fails to safeguard the reproduction of world society. Were this indeed to be the case, we would in no way be moving towards a benevolent political age. The example of the Council of Ministers in Brussels may serve as an unfriendly signpost of things to come; since, despite all its legal proviso, it stands completely removed from its alleged – nationally regimented – sovereigns, that is the population and its demands and aspirations. History would thus continue, but it would do so without the constitutional fiction which at least made the exercise of power to adhere to certain rules and which shaped its exercise in ‘liberal’ terms. The answer to the question about the future, or rather the question of how the history of the relationship between the market and the state might come to an end, rests with the issue of the continued adequacy of ‘liberal democracy’ under conditions of total subsumption. In short, the question is whether the adequacy of liberal constitutionality to capitalism remains either a political option or possibility. Put differently, the question is whether the developing supranational oligarchies (the economic, the political, and the cultural) will consider it necessary to submit themselves to the inherited, bourgeois rules of constitutionality. The acuteness of the social conflicts which loom on the horizon, seems to raise much doubt that this will indeed be the case.

This is what I have to say about the state, the market and the end of history. However, for our purposes we may do well to bear in mind

that the triumphalism of capitalism's final solution,¹⁰ and the confidence in the basic values of a bourgeois world, and the well-posed order of its respectable existence, are quite fragile. In contrast and opposition to this triumphalism, we would do even better to develop a different perspective – a perspective which would lead us to the wide-open spaces of hope and utopia. Of course, the development of such a perspective would go beyond the scope of my contribution. I have learned from the media that all utopian thought has disappeared. Nevertheless, I suggest that we should continue to orientate ourselves by utopian ideas. That is to say, we orientate ourselves by a completely different, good-natured entelechy of human development – by the 'society of the free and equal'. Of course, such orientation presupposes conflict with capitalism and 'liberal democracy'. I am not certain whether history contains this teleology towards the 'society of the free and the equal'. Yet one insight merits to be noted. Taken as a basic orientation of our social practice, this utopia can lead us forward towards humanization. Our entire behaviour, from the mundane to the highest expressions of the intellect, would look different, friendlier, more humane, if we allowed ourselves to be led not by the existing reality of profit, power, the seizure and pursuit of power, and the preservation of power; but instead by this utopian ideal of the society of the free and equal.

Notes

* Translated by Werner Bonefeld and Susanne Soederberg.

Notes have been compiled by Werner Bonefeld. They are meant to guide the reader through Agnoli's argument and suggest further reading.

1. Agnoli refers here to J. G. Fichte's lecture of 1813 'Die Staatslehre, oder über das Verhältnis des Urstaates zum Vernunftsreich', published posthumously in the 1820 edition of Fichte's work, volume IV. On page 599 of that edition, Fichte writes that 'in this way, at some point somewhere, the existing despotic regime will wither away because it will no longer find anything to do...and the authority will find, year after year, no employment...and in this way the hitherto despotic state will, without any force being directed against it, wither away quietly because developments have made it a triviality; and the last heir to sovereignty, if such a heir will indeed exist, will have to devote itself to universal equality' (author's translation). In Marx, Fichte's comparison and contrasting of 'Urstaat' and 'Vernunftsreich' is discussed as the 'realm of necessity' and the 'realm of freedom'.
2. On this see Agnoli's *Die Transformation der Demokratie und andere Schriften zur Kritik der Politik*, Ça ira, Freiburg, 1990. For an introduction to an English readership of Agnoli's analysis of the transformation of democracy, see W. Bonefeld, 'Constitutional Norm versus Constitutional Reality in Germany and Johannes Agnoli's Critique of Politics', *Capital & Class*, 46, 1992.

3. Agnoli analyses the constitutionalization of Italian Fascism in his book *Faschismus ohne Revision*, Ça ira, Freiburg, 1997. For an introduction of Agnoli's work on Fascism to an English readership see W. Bonefeld, 'On Fascism', *Common Sense*, 24, 1999. See also S. Clarke for an argument that regardless of different historical forms of government, the form of the bourgeois state is that of the liberal state form. Clarke's contribution appears in Bonefeld *et al.* (eds) *Open Marxism*, Vol. I, Pluto Press, London, 1992.
4. Agnoli refers here to Kant's *Streit der Fakultäten* [*Conflicts of Faculties*], Königsberg, 1798. For an extended discussion on the issues raised in this section see Agnoli's 'Destruction as the Determination of the Scholar in Miserable Times', *Common Sense*, 12, 1992.
5. Here Agnoli refers to the work of Carl Schmitt, the legal philosopher of, and provider of legitimacy to German Nazism. Schmitt, in his *Political Theology* (Berlin, 1934), had defined 'sovereignty' as follows: 'Sovereign is who decides on the state of emergency'. Agnoli analyses Carl Schmitt's contribution to the proper functioning of the political in conditions of mass democratic participation at length in his 'Krise and Krisenbewußtsein im Deutschland der Zwischenkriegszeit' ['Crisis and Crisis-Consciousness in the Germany of the Inter-War Period'], published in Agnoli, *Faschismus ohne Revision*, op. cit.; and in his 'Die Transformation der Demokratie' ['The Transformation of Democracy'], published in Agnoli *Die Transformation der Demokratie ...*, op. cit.
6. Carl Schmitt argued not only in favour of the autonomy of the political from social interests but, also, that it is the *Führer* who is the principal decision-maker of the political, and thus, the true sovereign. Kant, in his *Conflicts*, argued that, in a republic, it is through the exercise of political rule that the people are made contented with the constitution and that they had to be treated according to the laws of liberty, although they were not asked to endorse the letters of these laws.
7. Spinoza's notion of the *multitudo* entails a specific understanding of the term 'people', namely 'mass'. The 'mass' is not just introduced and endorsed as a social force but, rather, as the subject that resides at the centre and constitutes the substance of society. The *multitudo* encapsulates the idea of a free society, a society that consists not as individualized individuals but, rather, as a collective. In Marxist terms, *multitudo*, the mass, is the social individual.

For Spinoza, political power, the state, is a product of the power-structures that exist in society. He refers to these power-structures as *potestas*. *Potestas*, then, includes both the power of the state and those parts of society that identify with the power of the state. In contrast to *potestas*, *potentia* refers to the dynamic of social development with resides in the *multitudo*, the mass, and it entails the ability of the mass to oppose and defy the relations of power. *Potentia*, then, means constitutive power, the constitutive power of the mass, of the *multitudo*. This constitutive power creates the social world of the social individual but stands confronted by the *potestas*, by the constituted political power, that derives from and feeds on the existing power-structure in society.

In English, the insights offered by Spinoza are quite difficult to pose because, unlike in the English language, the concept of 'power' encompasses quite different meanings in other languages: *potentia versus potestas* or *Vermögen versus Macht*. While *potentia* (or *Vermögen*) is constitutive social activity, *potestas* (or *Macht*) is constituted power. According to Spinoza,

potentia, the constitutive power of the mass endeavours to create a community of social associations without institutions of power and domination. *Potentia*, then, confronts *potestas*, the constituted power that resides in existing relations of force and domination and where the making of history is founded on the basis of existing, constituted, relations of domination. *Potestas*, then, is not without history. Rather, history develops within the fixed dimension of the structure of power that bourgeois society and its dynamic presents.

For a Marxist discussion and appreciation of Spinoza's differentiation of power between *potestas* and *potentia*, constituted power and constitutive power, see Agnoli, *Subversive Theorie, Ça ira*, Freiburg, 1996; Negri, *The Politics of Subversion*, Polity, Cambridge, 1989; Negri, *The Savage of Anomaly*, University of Minnesota Press, Minnesota, 1991; Negri, 'Interpretation of the Class Situation Today', in Bonefeld *et al.* (eds), *Open Marxism*, Vol. II, Pluto Press, London, 1992; and Negri, 'Constituent Republic', *Common Sense*, 16, 1994.

08. See, for example, the German Basic Law where parliament is endorsed as lying at the heart of the power of the state. Yet, were it to set the guiding principles of politics, it would operate in defiance of the constitution, that is, it would act unconstitutionally. The Basic Law vests the making of the guiding principles of politics in the German Chancellor, the head of the executive.
09. Agnoli refers here to the distinctive difference between constructive critique and destructive critique. On this see his 'Destruction...', *op. cit.*; and his 'Von der kritischen Politologie zur Kritik der Politik' ['From critical political science to the critique of the political'], published in Agnoli, *Die Transformation der Demokratie ...*, *op. cit.*
10. Agnoli refers here to two interconnected issues. First, he refers to the end of history theses according to which the victory over 'really existing socialism' has removed alternatives to capitalism, rendering capital and its – liberal democratic – state history's final and finest achievement. Second, he refers to the creation of a world market society or, to use the common catchphrase, globalization. For its spokespersons, globalization entails the freedom of capital from democratic scrutiny and accountability. In short, then, the victory over communism and 'globalization' is endorsed as having not only removed alternatives to capitalism but, also, liberated capital from the aspiration of the democratic majority, that is the working class; better: dependent masses. Hence the use of the phrase 'final solution': through globalization, and in the face of its celebrated victory over communism, capital proclaims to have removed once and for all the risk that mass democratic consciousness and demands poses for the respectful conduct of exploitation through the pleasant forms of equality and freedom.

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