

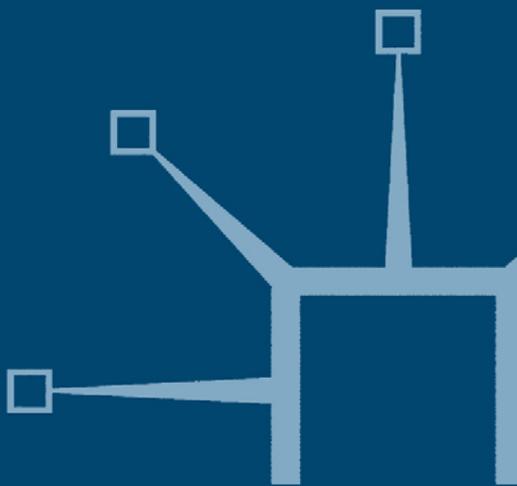
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The Politics of Change

Globalization, Ideology and Critique

Edited by

Werner Bonefeld and Kosmas Psychopedis



The Politics of Change

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Werner Bonefeld

Lecturer in Politics

University of York

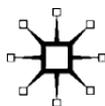
Kosmas Psychopedis

Professor

Department of Economics

University of Athens

palgrave



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Notes on Contributors

Johannes Agnoli is Emeritus Professor, Otto-Suhr Institute, Free University of Berlin.

Werner Bonefeld is a Lecturer in the Department of Politics, University of York.

Peter Burnham is a Senior Lecturer in the Department of Politics and International Studies, University of Warwick.

Maurice Godelier is Professor in the Ecole Nationale des Hautes Etudes en Sciences Sociales of Paris and Director of the Musée de l'Homme.

John Holloway is Professor in the Institute of Social Sciences and Humanities at the Autonomous University of Puebla.

Kosmas Psychopedis is Professor in the Department of Economics, University of Athens.

Helmut Reichelt is Professor of Political Theory at the University of Bremen.

1

The Politics of Change: Ideology and Critique

Werner Bonefeld and Kosmas Psychopedis

The title of this volume seems banal. Of course, the world we live in is a changing world! Yet, what is meant by the 'politics of change' and how might it be possible to make practical a 'change' towards a society in which everybody contributes according to their ability and where everybody receives according to their needs? The demand for such a change appears outdated. This volume does not concern itself with re-introducing the majestic idea that human beings should live in a society where they are not subjected to the abstract rules of equality but, rather, where they are in control of their own affairs as equals. However outdated such a demand might appear, we consider it a universally desired human condition. Is it really necessary to justify its practical and theoretical meaning? Kant defined the Enlightenment as humanity's attempt to leave behind its self-imposed immaturity. The task of social theory is thus to provide enlightenment not only about the misery of the human condition but, also, its social constitution and ways to transform these conditions for the better. Enlightenment is a thoroughly subversive business. The claim, then, that the demand for human conditions is outdated, is not only disturbing, it is also symptomatic of a society whose 'laws of development' are seen by many to be governed by an invisible – and to be sure: irresistible – hand.

There is no doubt that we are witnessing profound political and economic changes and these will shape our world well into the new century. The debate on globalization has focused and highlighted these changes. This volume offers a critique of contemporary assessments of economic and political change. Its central theme is the relationship between the politics of contemporary global change and the theoretical uncertainty concerning the meaning and significance of this change.

This uncertainty can be seen in the introduction of new and even newer research agenda and organizing terms such as, for example, risk society, post-modernism, disorganized capitalism, post-industrialism, post-Fordism, and globalization. Are these new research agenda merely the result of academic fashion, a sort of innovative trend-setting, or are they, as its proponents claim, required to supply an adequate understanding of contemporary changes? Whatever the answer might be, the immense innovative capacity that the Social Sciences have shown over the last 20 years, is at least puzzling. It is also symptomatic of the uncertainty that change presents – better: it is systematic in that it satisfies the traditional role of philosophy, i.e. to serve the established power.

Yet, at the same time as the social sciences embraced the world of fashion, the capitalist world has re-discovered its liberal roots. ‘Re-discovered’: not because these liberal roots had ever been abandoned but because, especially during the 1950s and 1960s, capitalism projected itself in Keynesian terms. Keynesianism did not amount to a theory and practice of a ‘third way’ between *laissez-faire* capitalism and planned socialism. Indeed, one of its important characteristics was the ideological projection of a reformed and tamed capitalism – a capitalism that offered salvation in the name of democracy and citizenship. The re-discovery of (market-) liberalism during the 1970s was not a ‘re-discovery’ as such but involved, in fact, a return to basic principles without the ideological projections that Keynesianism presented.

In conclusion, then, while new and newer research agenda made it look as if Marx’s critique of political economy has been rendered redundant by changed and changing circumstances, the capitalist world unashamedly and unsurprisingly has returned to its roots, celebrating a vulgarized version of the achievements of Adam Smith and arguing that his theory of the invisible hand supplies a solution to capitalist crisis. In other words, while the political right projects backwards to find salvation in the future, those seeking to set the agenda with the introduction of new research terms, have abandoned Marx and replaced his critique of political economy by terms and theoretical perspectives that seem to indicate that capitalism is no longer capitalism. In the tower of academic fashion, the world appears as a post-industrial world, as a post-modern world, as a post-class world; in other words: as a world beyond the confines of political economy. Of course, the debate on globalization seems to return to political economy concerns. Yet, this return is more apparent than real. Of course, the political economy of capital is emphasized and analysed. Yet, this is at best an analysis of a Smithian sort¹ or at worst an inquiry characterized by pretentious theoretical indifference or, as Marx had it, vulgar thought.²

The abandonment of Marx has led to the return of neo-liberal theoretical positions and of those associated with the 'marginalist revolution' at the beginning of the twentieth century.³ Of course, academic fashion dictates that these positions are hidden behind a seemingly progressive vocabulary such as 'risk society' or 'post-modernism'. Yet, while favouring a vocabulary with a progressive ring, all and everything is treated theoretically in terms of philosophical convictions. It is well known that, in the world of philosophical convictions, unfavourable conditions need not to be changed. All that is required is to interpret them more favourably. In this way, the conditions, concerns and life of the human being are quietly forgotten and there returns, through the backdoor, the figure of traditional theory: ancilla constitutions.⁴

The book is in three parts. Part I examines the contemporary debate on globalization. The contributions show that this debate espouses, at best, neo-classical theoretical traditions and argue that such a theoretical perspective is insufficient for an understanding of the dangers and opportunities that the so-called 'globalization' of capital presents. Part II assesses recent developments in modern social theory and argues that its methodological and theoretical foundations are equally located in the neo-classical theoretical tradition. Part I assesses 'change' in terms of a so-called 'new reality', that is globalization, and Part II in terms of theoretical values, that is the abandonment of critical theory in favour of traditional theory. Part III focuses on 'change' as an emancipatory concept. Through a critical assessment of the new world of capital, the contributions seek to formulate and identify a new beginning for socialism.

Generally, globalization theory assumes that we witness the creation of a truly global economy and society, and that everyday life has become dependent on global forces. Globalization is seen to have undermined national democratic systems of accountability, rendering both national states and social movements powerless to withstand global market pressure. Globalization is seen to have been driven by neo-liberal principles and to have shifted the balance between the market and the ailing democratic state in favour of the (globalized) market.

Some commentators argue that the neo-liberal politics of globalization is deeply unstable and that it will have disastrous social and economic consequences. In order to contain the unfettered and unchecked rule of globalization, commentators call for the creation of mechanisms of democratic accountability at the transnational level to safeguard normative rights and to extend the democratic principle of rational administration to the global level.⁵ Particularly since the collapse of the Eastern bloc in the late 1980s, most commentators agree that there is

no alternative to liberal-democracy and no alternative to market-centred systems of production. In short, while there appears to be no alternative to the rule of the market, the proposals for democratic renewal adequate to globalization suggests that the working of the market can nevertheless be made accountable to liberal-democratic scrutiny, answerable to normative rights, and that global market relations can be regulated rationally so as to minimize the adverse ecological and social effects of globalization.

This book deals with the issue raised by the globalization debate in a direct and indirect way. Part I examines the relationship between the state and the market and ask what is to be understood by 'global forces' and to what extent 'globalization' is in fact the all pervasive force that it is said to be. The most depressing aspect of globalization theory is that human beings are on the whole ignored. Globalization's emphasis falls on systems of social organization, such as the market and the state, while it views human beings as 'factors' or 'agents' whose conditions and social practice are determined by global forces. What constitutes the globalization dynamic? Does it make sense to see globalization as a consequence of an economic logic that, as the proponents argue, started to assert itself during the 1970s? Peter Burnham focuses on traditional and neo-Gramscian contributions to the study of International Political Economy. He shows that theories of globalization rest on historically suspect evidence. For Burnham, conventional international political economy amounts to a vulgarized form of classical political economy and globalization theory is seen less as a theory and more as a product of academic fashion. The chapter by Werner Bonefeld deals with the claims of globalization theory and examines the social constitution of the global world through the lenses of Marx's conceptualization of the world market. Bonefeld's chapter suggests a reading of 'change' that is not confined to the parameters of a capitalist world. He discusses change as an emancipatory category.

The proponents of globalization accept that it is driven by neo-liberalism and some commentators argue that the global world of capital can be made accountable to democratic values and normative rights. Of course, both the world of the labour market and that of normative rights belong historically together. Is this merely a coincidence? What, then, is to be understood by neo-liberalism and how does modern social theory, including the theory of globalization, differ from neo-liberal theoretical premises? Of course, the attempt to make 'globalized capital' accountable to democratic demands is well intended and, in its political orientation, quite different from neo-liberal positions. Yet, the

demand for a transnational democracy is based on the view that globalization has an objective existence as if it were a force of nature, and that democratic renewal within the confines of a capitalist society can not only influence the shape and impact of its force but, also, lead to a more human, a humanized, global capitalist world. Part II deals with the theoretical and methodological foundations of such views. Contemporary social theory favours the transnational 'democratization' of the political regulation of social concerns and focuses on 'communicative actions' so that moral and political judgments might be advanced to soften the impact of the 'objectively given and unfolding' dynamic of globalization. The distinction between the 'impartial' research of 'objective' conditions and the 'subjective' moral and political judgments on the 'regulation' of these 'objective' conditions, is very much located in the Weberian and also economic liberal traditions of social and political thought. Kosmas Psychopedis assesses the value judgments of contemporary social theory and its abandonment of the emancipatory idea that the subject matter of the social sciences is the human being. He argues in favour of a critical theory, and that is a critique of the relations of exploitation. Helmut Reichelt supplies a critique of the work of Jürgen Habermas, including his notion of communicative action. Habermas is, of course, the self-declared heir to critical theory and Reichelt shows that Habermas' ambitious research project falls back on to traditional theoretical concerns. Both chapters scrutinize the methodological and theoretical foundations of modern social theory and argue that these foundations are of a neo-classical variety.

Many argue that globalization has undermined socialist alternatives to market-based systems. In this sense, globalization theory agrees with the end of history thesis; and the collapse of the Eastern bloc is viewed to have justified the legitimacy of market-based systems, replacing for good the spectre of communism by that of the market. In distinction to this view, Part III discusses change as an emancipatory project. Maurice Godelier revisits the Marxian conception of 'transition'. He shows that the division between evolution and revolution is *passé*. Instead, there are a number, a multiplicity, of movements which, despite their difference, converge on the issue of democracy. His call for a constituent democracy echoes the revolutionary demands of the Enlightenment to lead human kind to maturity. For Godelier, such a constituent democracy is identical with the realization of a society based on human dignity. Johannes Agnoli deals with the view that globalization has created conditions for the withering away of the state within capitalist society. Should it really be the case that Marx's dream is realized, not in

communism, but in capitalism? Against capitalism's impossible dream, Agnoli emphasizes the real utopia of a democratic society of the free and equal. John Holloway examines the relationship between the Zapatista uprising in late 1994 and the financial turmoil of early 1995. For him, human dignity holds the key not just as a tool that unlocks the insurrection against capital but, also, as the foundation of a human society. This key is the most difficult to turn. There is no invisible hand nearby.

Notes

1. See, for example, Brenner (1998).
2. See, for example, Giddens (1998, 1999).
3. On this see, for example, Clarke (1982); see also Burnham's contribution to this volume. On the issues raised in this section see: Bonefeld (1999).
4. On this see: Agnoli (1992). On traditional, as opposed to critical, theory see Max Horkheimer (1992); see also the contributions by Agnoli and Reichelt to this volume.
5. For references see the contributions by Burnham and Bonefeld to this volume.

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Part I

The New Reality of Globalization?
Politics and Social Theory

2

Globalization, Depoliticization and 'Modern' Economic Management

Peter Burnham

Bourgeois social science, it has often been remarked, is a real 'dedicated follower of fashion' (Horkheimer, [1937] 1976). It should come as no surprise therefore that when the works of Foucault, Derrida and Lyotard began to weave their spell in the early 1980s the 'new paradigm' began to celebrate 'difference', 'novelty', 'particularity' and the micropolitics of subjectivism and empowerment.¹ Whatever the post-structuralist 'reading' the relativist message was clear: the metanarratives of modernism (especially Marxism) were to be rejected. The discovery by social science of 'globalization' in the 1990s appeared to reintroduce a grand metanarrative: the inexorable march of free markets 'battering down all Chinese walls'. However it soon became clear that in the hands of 'paradigm shifters' the phenomenon of 'globalization' was absolutely compatible with post-modernist ideology: in fact, it complemented perfectly Foucauldian discourse 'theory'. Not only were early assessments of 'globalization as one logic' considered flawed but it was now claimed that 'globalization' was a process with many logics, consistent even with 'regionalism' and decentralization. Above all, 'globalization' signalled the demise of that great modernist symbol of totalizing power: the nation state.

There is of course no uncontested definition of 'globalization'. Higgott (1997, p. 6) offers an example of the eclectic international political economy (IPE) orthodoxy arguing that globalization represents: '(a) the emergence of a set of sequences and processes that are unhindered by territorial or jurisdictional barriers and that indeed enhance the spread of trans-border practices in economic, political and social domains, and (b) a discourse of political knowledge offering one view of how to make the post-modern world manageable.' Implicit in such a view is the idea that economic interdependence, and the 'power' of financial

markets in particular, has changed the course of modern capitalism resulting in new structures of global governance.

The principal responses to the globalization thesis have been to assert either the call of Ecclesiastes that 'nothing much has changed' (there are no new things under the sun) or proclaim that 'all is new' (and presumably 'history is bunk'). While sceptics and realists line up to dismiss globalist claims and reassert the 'power' of the state (Hirst and Thompson, 1996; Waltz, 1979), liberals and post-modernists point to the retreat and even disappearance of the state as the principal form of political authority (Ohmae, 1995). In contrast to the often quite sterile debate produced by this realist/liberal encounter, this chapter suggests that a return to classical Marxist ideas on the relation between class, capital and state in a global context offers a more productive approach for mapping recent industrial, political and economic change.

I shall argue three points. First, most approaches to globalization fail adequately to theorize the relationship between states and markets insofar as they see states and markets as isolated, fragmented aspects of social reality existing in a purely external and contingent manner. The result is the populist (and misleading) claim that states have lost 'power' to markets. By contrast, Marx's methodology views the relationship as internal and necessary and enables us to understand current change in terms of the recomposition of an organic whole. Second, it will be argued that processes of international restructuring are undertaken by national states in an attempt to reimpose tighter labour discipline and recompose the labour/capital relationship. Global capitalism is still structured as an antagonistic state system and many of the changes that characterize the global political economy are introduced by states in an attempt to solve problems that have their roots in labour/capital conflict. Finally, I shall argue that current governing strategies are usefully characterized in terms of *depoliticization* involving a shift from discretion to rules in economic policy, a reassertion of the boundaries separating 'legitimate' political, economic and industrial activity and a fragmentation/devolution of decision making in numerous arenas. In terms of key state activities involving the regulation of money and labour, there has been a preference for *depoliticized* forms of management in the global political economy from the mid-1980s. The 'language of globalization' as depoliticization has enabled state managers to capitalize on changes in the global system placing the political character of decision making at one remove thereby enhancing the efficacy of policy implementation. In short, as with much post-modernist ideology, globalization and the associated strategies of

depoliticization are neither entirely novel nor signal the end of established 'sites of power'. By contrast I will argue that these processes are best understood by engaging in historical analysis and by drawing on the heir to classical political economy, the most sophisticated 'discredited' metanarrative.

The first part of the chapter discusses three popular approaches to understanding the changing character of national states in the global political economy. Arguments premised on notions of the 'post-Fordist state', the 'new global order/withering away of the state', and the 'internationalization of the state' are reviewed and found wanting in three main respects. First, they counterpoise the state and the market as two opposed forms of social organization stressing how globalization gives the market power over the state with a resulting loss of sovereignty and national autonomy. The weakness of this view is that states and markets are conceived in a reified thing-like manner that excludes the possibility of class analysis. In addition it precludes conceptualizing states and markets as aspects of a wider and more fundamental set of social relations. Second, the approaches reviewed overestimate the extent to which national states could control capital before 1973 – in this sense by invoking historically inaccurate notions such as the Keynesian Welfare State they support the increasingly implausible idea of a watershed in the global political economy occurring at some point in the 1970s. Finally, they tend to see labour/capital relations as external to the process of restructuring itself (if deserving of a mention at all). The second part of the chapter indicates how an alternative methodology can be derived from Marx and the final section utilizes aspects of this approach to characterize state/market relations in Britain, in the 'era of globalization', in terms of the notion of depoliticization.²

What's happening to the state in the 'era of globalization'?

The post-Fordist thesis

Favoured by regulation theorists, state theorists, political sociologists and many within the field of industrial relations, the notion of 'post-Fordism' has led a charmed existence (see contributors to Bonefeld and Holloway, 1991). Jessop (1994) provides the clearest and most sophisticated thesis claiming that the post-Fordist accumulation regime (associated with the internationalization of production) now requires

the establishment of a 'post-Fordist state'. The post-Fordist state is hyperliberal and is increasingly 'hollowed out' from below, from above and horizontally. Some national state capacities are transferred to pan-regional or international bodies, others devolved to local levels within the national state, and yet others are usurped by emerging horizontal networks (local and regional), which by-pass central states and connect localities and regions in several nations. In this form, Jessop's thesis appears determinist and monocausal and to suffer from the defects of structural functionalism (admittedly he does term his analysis, a 'thought experiment'). State form is derived from the 'needs' of the accumulation regime and identifying the way in which these needs are met apparently constitutes an explanation of social change and new institutional arrangements. Class relations (and by implication, struggle) are viewed as external to the process of restructuring, and labour and the state itself are depicted as powerless, passively responding to the demands of the post-Fordist economy (an ideal-type itself rejected by many industrial sociologists). Moreover the post-Fordism thesis relies on a caricature of historical development predicated on identifying watersheds/sharp breaks in labour/capital/state relations and awkward constructs such as the Keynesian Welfare State (for a general critique see Glyn, 1995; Matthews, 1968 and Tomlinson, 1981). In this model continuities in state policy tend to be overlooked and the 'novelty' of current arrangements is established only by overemphasizing elements of the 'post-war settlement' which themselves should more properly be the object of critical analysis.

Towards a new global order/withering away of the state

This popular approach builds on aspects of the post-Fordist state argument combined with liberal transformationist writing which sees the end of the state as nigh. Recent arguments by Ohmae (1990, 1995) and Strange (1996) point in this direction. This argument is developed albeit somewhat cautiously by Held (1995) who notes that the existing strategies and practices of the Left are outmoded. Current strategies may have been appropriate to an earlier 'national' stage of capitalism but these are now rendered obsolete by globalization. The new global order has escaped the democratic control of national governments and so democracy must now become a 'transnational' affair orchestrated through 'transnational civil society'. There is a clear parallel here with the politics of post-modernism championing the agenda of 'new' social movements. Bureaucratic, hierarchical and technocratic national forms of politics and representation (including trade unionism) are to be replaced by post-materialist politics based on individual autonomy

and self-management. As Bromley (1991, p. 131) sarcastically notes, 'Happily, this politics is at once necessarily fragmented and particularistic as well as popular and democratic'. Again we are presented with a view of the state as powerless and external to the market, with globalization favouring the market against the ailing democratic state. This extreme version of the market power argument rests on a *Fortune* magazine/*Economist* view of the internationalization process which claims (seemingly unproblematically) that we live in a borderless, stateless world dominated by stateless firms with unlimited global options. This, incidentally, is also the conclusion of Albert's (1993) populist account of different 'models' of capitalism which ends by lamenting that 'for a 100 years or so, the forces of democracy and the nation-state had gradually tamed capitalism, and now the tables have been turned. Divided and disunited, the nation-states and their puny borders can offer no real resistance to the globalised capitalist economy. Capitalism intends to tame the state; eventually, it hopes to do without it altogether' (Albert, 1993, p. 256). Claims about the 'democratic' nature of the nation state prior to globalization are grossly idealized as is the capacity of 'new' social movements to displace existing structures of political power and representation. In short, these approaches fail to engage with the state debates of the 1970s and 1980s, the most penetrating of which underscored both the weakness of 'rainbow coalitions' and the enduring class character of the capitalist state in whatever guise (for a good overview see Clarke, 1991).

The internationalization of the state?

Of all the recent attempts to understand the changing character of the state, the most thought provoking is that provided by Cox (1987, pp. 253–65 and Cox with Sinclair (1996)) who coined the phrase, the 'internationalization of the state'. Cox argues that we are witnessing the transformation (the reorganization of structure and role both internally and externally) not the destruction of the state. His position rests on three points. First, that states historically have acted as buffers/bulwarks protecting national economies from disruptive external forces in order to sustain domestic welfare/employment. Since 1973 this priority, he notes, has shifted to one of adapting domestic economies to the perceived exigencies of the world economy. Second, this shift has affected the structures of national governments. Agencies that act as conduits for the world economy have become pre-eminent within governments (ministries of industry and labour are now subordinate to ministries of finance). Finally, we have a transnational process of consensus formation (OECD, IMF, G7) that transmits guidelines to

dominant state agencies which in turn enact national policies. The state's role is therefore one of helping to adjust the domestic economy to the requirements of the world economy. The state is a transmission belt from world to domestic economy – it has become internationalized from the 'outside-in'. It is a tributary to something greater than the state, orchestrating 'governance without government'.

Cox's bold thesis provides suggestive themes for future research. However in typical international political economy fashion it is largely silent on the issue of labour. This is, of course, somewhat paradoxical given that, as Sinclair (1996, p. 3) notes, 'Cox's work stands outside the usual parameters of international relations theory', insofar as Cox develops a critical and historicist epistemology which sought initially to integrate labour into mainstream international political economy. However, the relationship between 'problem solving' and 'critical' theory in Cox's work (and the difficulties involved in combining Weberian and Marxian methodologies) have not been adequately addressed or resolved and in many respects Cox (1996, pp. 88–90) seems to endorse the view that different methodologies can be selected legitimately to study different chronological periods (even since 1945). Although therefore Cox seems to offer a critique of mainstream international political economy, his stance of methodological pluralism produces the same conceptual disaggregation of state and market, and theorization of labour as external to restructuring, that is present in mainstream IPE. This is reflected in much of his empirical work, which for instance in the case of the cycle of hegemonic stability, is barely distinguishable from sophisticated neo-realist accounts.³ In respect of the internationalization of the state, class relations (and by implication, struggle) are viewed as external to the process of restructuring, and labour and the state itself are depicted as powerless, passively responding to the demands of the post-Fordist economy. In addition, Cox's thesis fails to convince on historical grounds (when since 1900 did states pursue domestic welfare as their central priority?), in terms of a theory of policy making (Cox sanctions a somewhat simplistic fractionalist view of policy making at the behest of fractions of finance capital), and it underplays the extent to which globalization may be authored by states (Panitch, 1994; Wolf, 1997), and regarded by state agents (both liberal market and social democrat) as one of the most efficient means of restructuring labour/capital relations to manage crisis in capitalist society.⁴ Although Cox's analysis promises a critical edge, his failure to develop a coherent theory of the state and its relationship to class, has important implications for his conceptualization of the global system.

In short, by viewing the state and the market as opposed forms of social organization (with globalization tipping the balance in favour of the market against the state), Cox and most other IPE approaches follow implicitly the liberal/realist position that separates social reality into rigid categories and looks for external linkages between artificially disaggregated phenomena.⁵ In this way much IPE theory resembles not a progression from classical political economy but a reversion to what Marx ([1867] 1976, pp. 174–5) termed ‘vulgar economy’. Despite the trappings of theoretical sophistication many IPE writers simply produce tautological accounts of ‘state’ and ‘market’, of ‘interdependencies’, ‘interactions’, ‘influences’ and ‘autonomies’, which fail to grasp the complex organic set of social relations which is the global political economy.

Reassessing states and markets: classical political economy and Marx

The tradition of classical political economy set itself the task of conceptualizing the internal framework of capitalist relations of production, distribution and exchange. The aim of the classical writers (from William Petty to John Stuart Mill) was not to describe contemporary events but to identify the social classes that comprise society, define the economic relationships between these classes and discover the laws that regulate these relationships (Clarke, 1982; Gide and Rist, 1915). For James Steuart and Adam Smith the structure of society is conceptualized on the basis of an understanding of its economic foundation. William Robertson (1890, p. 104) provides the classic statement arguing that, ‘in every inquiry concerning the operations of men when united together in society, the first object of attention should be their mode of subsistence. Accordingly as that varies, their laws and policy must be different’. While this orientation may well strike a post-modernist audience as reductionist, it nevertheless offers a *conceptualization* of social relations which far surpasses globalization theorists’ *description* of ‘state’ and ‘market’ as opposed forms of social organization. As the heir to the classical tradition Marx vilified ‘vulgar economists’ for failing to investigate the real internal framework of bourgeois relations of production. Instead they are content to ‘flounder around within the apparent framework of those relations’, systematizing in a pedantic way, and ‘proclaiming for everlasting truths, the banal and complacent notions held by the bourgeois agents of production about their own world, which is to them the best possible one’ (Marx, [1867] 1976, p. 175). The charge that modern globalization theorists reject

conceptualizing the internal relations of capitalist society can be illustrated from Gilpin's magisterial account where despite the centrality of the concepts of 'state' and 'market', the author (1987, p. 10) notes, 'whether each developed autonomously, the market gave rise to the state, or the state to the market are important historical issues whose resolution is not really relevant to the argument of this book'.

Marx of course developed his critique of capitalist society through a thoroughgoing assessment of classical political economy. Marx's early economic and philosophical studies led him to question, by method of immanent critique, the naturalistic basis of classical political economy. The error of the classical writers was to naturalize (or present as universal) the historically specific social relations of capitalist society. Behind the formal abstractions of classical political economy (land, labour and capital producing rent, wages and profit) lay an unexamined historically specific postulate, private property. Only by taking for granted the existence of private property could the classical writers assume that classes were derived technically from the division of labour. The best exponents of classical political economy for Marx provided an analysis of value and its magnitude (however incomplete) but failed to ask the vital question, 'why this content has assumed that particular form'.⁶ In fact as Holloway (1991, p. 73) points out, Marx saw the question of form as being the crucial dividing line between his theory and bourgeois approaches, for whom the question of form is meaningless. *Capital* begins therefore with an analysis of the commodity-form in order to emphasize, in contrast to the classical writers, that the products of labour only become commodities in historically specific and thereby transitory forms of society. On this historical and materialist basis Marx builds a theory of capitalist society rooted in the concepts of value, surplus value and class. The isolated individual of liberalism is parodied since private interest is itself already a socially determined interest and the symmetrical exchange relation is shown to conceal exploitation thereby exploding Smith's theory of a harmony of interest existing between classes. Capitalist society is based on a particular social form of production within which the production of useful goods is subordinated to the expansion of surplus value. Although, therefore, Marx agrees with the classical writers that 'the anatomy of civil society is to be sought in political economy', his total reformulation of the classical concepts inaugurated a revolution in social science the results of which have yet to be assimilated by those approaches that seek to explain the 'novelty' of state/market relations in the era of globalization. By counterpoising state and market as opposed forms of organization,

bourgeois globalization theorists are not simply committing an empirical error, rather they are endorsing a conceptualization of society that has its basis in the marginalist revolution in economic theory.

The end of the nineteenth century saw the rise of the marginal utility theories of Stanley Jevons and the Austrian school under Carl Menger. The marginalists redefined economics as a branch of praxiology – the science of rational action. In an attempt to introduce a more scientific and mathematically precise discipline, political economy as an economic theory of society, became ‘positive economics’ defined later by Robbins as ‘the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses’ (Clarke, 1982; Matyas, 1985). Economics could now be narrowly interpreted as an isolated study of utility-maximizing individuals expressing their subjective preferences in a taken for granted market situation. As Perlman (1973) notes the ‘replacement’ of political economy by positive economics actually constituted an omission of a field of knowledge – a headlong dash from reality – in effect, a great evasion. This left space for the growth of complementary ‘disciplines’ each established in relation to a specific irreducible type of action – social action (sociology) and political action (political science). The organic study of law, government and society on the basis of the mode of subsistence as undertaken by the classical writers became a much more narrow and politically conservative study of the determination of price and resource allocation in accord with individual choice. The methodology of modern globalization theory has been established in accord with this marginalist revolution reproducing its fragmented, ahistorical character.

One of the great strengths of Marxism is that it rejects this fragmentation (Bonefeld and Holloway, 1995; Holloway, 1994). It rejects the fetishism, rigidity, and fixity of the concepts of modern social science (such as the state and the market), dissolving these into categories of human social practice, however alienated and perverted these practices might be. Rather, therefore, than viewing the relationship between states and markets as external and contingent, Marx’s approach places the antagonistic class relation at the centre of analysis, and starts from the premise that the relationship between states and markets is internal and necessary (although of course the institutional form of this relationship varies given the historical character of the class struggle). States are an aspect of the social relations of production (a historically specific and differentiated form of those relations) and their ‘power’ derives from their ability to reorganize labour/capital relations within (and often beyond) their boundaries to enhance the accumulation of

capital both domestically and globally (for much greater elaboration see Holloway and Picciotto, 1977; and contributions to Clarke, 1991). This interpretation of Marx's approach to the state has been developed most consistently under the auspices of the Conference for Socialist Economists (and in the journal, *Capital and Class*). Rooted in Marx's account of the 'fetishism of commodities', this approach dissolves the state as a category and sees it as a 'rigidified' or 'fetishized' form of social relations (see Holloway, 1994). National states exist as political 'nodes' or 'moments' in the global flow of capital and their development is therefore part of the antagonistic and crisis-ridden development of capitalist society. As Bukharin (1915) argued early in the twentieth century, the struggle between 'national states' (which is nothing but the struggle between respective groups of bourgeoisie) is not suspended in mid air, but is 'conditioned by the special medium in which the "national" economic organisms live and grow' (the world economy). 'National' political economies (and the social division of labour within them) exist only as part of the world economy (and thereby of an international division of labour). Individual states may seek to alter the character of their integration into the world economy (through the routes of production, trade and finance) but they remain circumscribed by their ability to enhance accumulation and manage class struggle in both international and domestic arenas (see Bonefeld, this volume). Thus Marx's approach does not reject the 'state' as a category in favour of new social movements but rather it sees relations between national states in terms of the social relationships which constitute states as moments of the global composition of class relations.

In contrast, therefore, to theories that equate the end of the state with the demise of particular institutional characteristics, Marx's methodology draws attention to *political form* and highlights that the management of labour and money are the central axes of state 'intervention' in capitalist societies. In many instances, as de Brunhoff (1978, p. 2) points out, monetary policy as a form of managing crisis has functioned historically as a means of organizing recession in order to establish a new subordination of labour to capitalist command. The remainder of this chapter will indicate how it is possible to build on this approach to conceptualize recent changes in state-labour-capital relations in Britain, in terms of the politics of incorporation (politicization) and depoliticization. Unlike the approaches detailed above, which assume a 'states versus markets' model, the following account shows how 'marketization' also benefits state managers and how market driven policies (in a global context) enhance the process of governing

vis-à-vis the working class. It will be argued that the real significance of the shift from 'discretion' to 'rules' lies in how state managers use the language of 'external commitments' (and 'globalization') to legitimate the recomposition of labour/capital relations in the guise of global competitiveness (also see Gill, 1995, 1998).⁷

Depoliticization and 'modern' economic management in Britain

From 1945 to the mid-1980s successive British governments adopted the politics of incorporation to manage labour and money. This required increasingly elaborate state intervention to persuade business, trade unions and others to moderate wage demands. In the context of relatively full employment (the product largely of fortuitous structural conditions as the Treasury was later to admit⁸), successive administrations sought to regulate labour through moral exhortation (in the national interest), increasing the exercise of centralized authority over wage determination and through the creation of new surveillance and guidance machinery. In many key respects the story of state policy in the post-war period confirms the views of Kalecki (1971, p. 141), that lasting full employment is unsound from the government's point of view causing particular social and political problems and that large-scale unemployment is in many important respects 'an integral part' of the smooth operation of the capitalist economy.

By 1975 it was clear that politicized management had been far from successful. A Special Treasury Study of government wages policy concluded,⁹

it can hardly be argued that Incomes Policy has kept our degree of inflation lower than that of our neighbours, and until very recently it could not be plausibly asserted that import price problems had unfairly prejudiced our success. Moreover it cannot be said that the policy has found a formula for a fair or efficient distribution of incomes. Nor is there, in spite of the National Board for Prices and Income's efforts, any evidence that 'restraint' assisted either economic growth or economic efficiency. Incomes Policy must therefore, to date, be judged a failure.

It was also clear, by this time, that the economic circumstances that had given rise to relatively full employment in Western Europe had changed. The return of large-scale unemployment, fiscal crisis and the volatility introduced by the switch to floating exchange rates and the reregulation

of financial markets enabled the British state to reassess its approach to the regulation of labour and money. Kalecki (1971, p. 138) had argued in the early 1940s, 'the assumption that a government will maintain full employment in a capitalist economy if only it knows how to do it is fallacious'. Under a regime of permanent full employment, 'the sack' ceases to play its role as a disciplinary measure and the stronger bargaining power of the workers is likely to increase political instability and lead to problems associated with 'political overload' and 'ungovernability'. The ability of the state to successfully pursue anti-inflationary policies in conditions of relatively full employment is circumscribed fundamentally by the relationship that can be established between government, unions and employers associations (and the relationship between the latter groups and its members). In such circumstances the implementation of antiinflationary policies will always threaten to heighten class conflict and ultimately risk the danger that an 'economic/industrial' crisis will become a crisis of political authority itself (also see Goldthorpe, 1978, pp. 186–214). This occurred explicitly in the British case with the state's attempt to reconcile the conflicting aspirations of capital and the working class resulting increasingly in struggles over the extent of state 'intervention'.

One of the most important lessons of the 1920s was that by switching from 'discretion' to 'rules' in economic policy, governments could 'externalize' the imposition of financial discipline on labour and capital. The stronger (and more distant) the set of 'rules', the greater manoeuvrability the state would achieve increasing the likelihood of attaining objectives. This was the logic behind Britain's return to the Gold Standard in Spring 1925 at the pre-war parity of £1/\$4.86. The move was subjected to a devastating critique by John Maynard Keynes who argued that the pre-war parity was too high and would impose painful and useless deflation on the British economy (Block, 1977, p. 17). Leading supporters of the return to gold, in particular John Bradbury and Otto Niemeyer in the Treasury, were adamant that the Gold Standard would make the British economy 'knave-proof', free of manipulation for 'political or even more unworthy reasons' (Rukstad, 1989, p. 440). In effect it was judged that the Gold Standard with its 'automatic corrective mechanisms' was the best guarantee against inflation. Similar arguments were employed by critics of the Conservatives' regime of politicized management in the 1950s. Supporters of the Operation Robot plan¹⁰ argued that the rule of the market should prevail over interventionist management and 'if the workers, finding their food dearer, are inclined to demand higher wages, this will have to be

stopped by increasing unemployment until their bargaining power is destroyed'.¹¹ The experience of the 1920s and the criticism voiced in the 1950s were finally heeded in the 1990s in a context where the reregulation of financial markets strengthened arguments favouring the implementation of depoliticized rules-based policies.

The reregulation of financial markets (increased capital mobility and the creation of a genuinely integrated global market), which began in earnest in October 1979 with the abolition of the 40 year-old system of exchange controls in Britain, affected significantly the fiscal and monetary choices open to governments.¹² Since foreign exchange dealers prefer to hold currencies backed by anti-inflationary policies, the search for counter-inflationary credibility is of paramount importance both rhetorically and materially. While in the post-war era, as Thompson (1995, pp. 1100–11) indicates, currency markets were driven largely by current account imbalances, now interest rate differentials are the prime determinant of exchange rate movements. The 1980s and 1990s have seen a general convergence in interest rates and any state that adopts a significantly looser monetary policy than the prevailing level risks a depreciation in its currency. Since the sheer scale of flows in the foreign exchange markets rules out reserve intervention as anything more than a short-term policy, monetary policy is, for the moment, inextricably tied to exchange rate management. The net result of this fiscal and monetary environment is that governments have a clear incentive to enhance their counter-inflationary credibility (Thompson, 1995, p. 1103; 1996; Hirst and Thompson, 1996, pp. 143–51).

It is common to view these developments as giving 'power' to markets over states and this informs many discussions of the 'novelty' of current arrangements. An alternative however would be to see the reregulation of financial markets as providing the strongest possible public justification governments can muster for maintaining downward pressure on wages to combat inflation and thereby achieve price stability (state managers were of course responsible for the creation of the Eurocurrency markets that developed largely out of interstate rivalry focused on finance).¹³ In many key ways therefore, the reregulation of financial markets enhances the 'power' of the state *vis-à-vis* the working class since it can be argued forcefully that price stability really is the crucial determinant in the global economy and lack of 'competitiveness' translates directly into a loss of jobs and profits (Bonefeld and Burnham, 1998). 'Globalization' in this sense is far from being a 'mere' ideology.

In the current environment where the maintenance of price stability is publicly acknowledged as the first objective of monetary policy

(and high wage settlements are seen as a major cause of inflation) governments in advanced capitalist states across the world have attempted to control inflation by adopting 'rules-based' rather than 'discretion-based' economic strategies.¹⁴ Rules-based approaches attempt to build counter-inflationary mechanisms into the economy by re-ordering part of the government's responsibility for economic policy onto non-governmental bodies. This can be achieved in two ways. First, by reassigning tasks to an international regime, usually an international monetary mechanism, which sets definite rules (Gold Standard, ERM). This attempts to build 'automaticity' into the system by formally limiting government room for manoeuvre. Second, by reassigning tasks to a national body which is given a definite role in statute and thereby greater independence from the government (for example moves towards central bank independence, complemented by fiscal responsibility codes). Whereas rules-based strategies are attempts to depoliticize the government's economic policy making (thereby shielding the government from the political consequences of pursuing deflationary policies), discretion-based approaches are highly politicized since national governments play the central role in controlling inflation, usually through formal incomes policies.

In the 1990s depoliticization strategies have accompanied the increased internationalization of capital. It is important to be aware that the term depoliticization as used in this chapter should not be taken to mean the direct removal of politics from social and economic spheres or the simple withdrawal of political influence. Rather, depoliticization is highly political. In essence, it is the process of placing at one remove the political character of decision making. In many respects state managers retain arms-length control over crucial economic processes while benefiting from the distancing effect of depoliticization. Furthermore, depoliticization strategies invariably require the public rejigging of bureaucratic practices to achieve their primary aim which is to change expectations regarding the effectiveness and credibility of policy making. In this sense depoliticization is not simply an ideology (unrelated to material practice) but rather is one of the most potent forms of ideological mobilization reflecting changes in the form in which state policy making is carried out (capitalizing thereby on the ideological effects of changed material practices). In short, it is a move to construct new public perceptions concerning the 'neutrality' (thereby boosting the credibility) of the state.

As a governing technique, depoliticization is evident in three aspects of British government policy in the 1990s. First, there has been a

reassignment of tasks away from the party in office to a number of ostensibly 'non-political' bodies as a way of underwriting the government's commitment to achieving objectives. The most obvious example in this regard is the government's move to grant 'operational independence' in the area of monetary policy to the Bank of England. On 8 October 1992, in a memo to the House of Commons Treasury and Civil Service Committee, Norman Lamont set out the policy framework that would replace the ERM. Counter-inflationary credibility would now be sought by restructuring the institutional relationship between the Treasury and the Bank of England in order 'to make the formation of policy more transparent and our decisions more accountable' (see Jay, 1994, pp. 169–205). In November 1992 Lamont set an inflation target of 1 to 4 per cent and asked the Bank to assess inflation prospects in quarterly independent reports. With Kenneth Clarke as Chancellor in May 1993, the Bank was given the right of deciding the timing of interest rate changes. Finally in February 1994, Clarke outlined a new framework for monetary policy decision making: decisions concerning interest rates would be taken at meetings between the Chancellor and the Governor and minutes would be published with some time delay. Well publicized disputes between the Chancellor and the Governor during the Major administration questioned the extent to which these halting moves towards central bank independence constituted an effective counter-inflationary anchor. The response of the government in 1995 was to review recommendations to enshrine price stability in statute as the primary objective of monetary policy and follow the Bank of France by creating an independent Monetary Policy Committee within the Bank to oversee the making of policy. In the wake of Blair's victory in May 1997, 'New Labour' completed the reforms begun by Lamont and Clarke. The move to introduce 'operational independence', broadly along the lines of the New Zealand model, has now left the Bank 'free' to pursue an inflation target laid down by a nine-person Monetary Policy Committee.¹⁵

In respect of the management of labour, the reassignment of tasks away from the party in office is evident first in the legislative marginalization of trade unions, next in government-sponsored union use of the legal system, which switches attention away from government to the law courts, and finally in the reorganization of the public sector and the emergence of so-called New Public Management.¹⁶

The second form in which depoliticization has been manifest in Britain in the 1990s is in the adoption of measures to ostensibly increase the accountability, transparency and external validation of policy.

Recent moves to establish a Code for Fiscal Stability (based on the fiscal responsibility codes created in New Zealand) and the government's intention to create, in conjunction with the World Bank and the OECD, a Code of Good Practice for openness and transparency in macroeconomic policy both exemplify this trend.

In July 1997 the Blair government tied fiscal policy to two rules. First, over the economic cycle, the government would only borrow to invest (public consumption would therefore be paid for by taxation). Second, the government would ensure that the level of public debt as a proportion of national income would be held at a stable and prudent level (HM Treasury, 1998, p. 1). Building on this framework, the government announced in March 1998 that its fiscal rules must be seen to represent a 'credible commitment in the eyes of the public' (HM Treasury, 1998, p. 2). To make this commitment visible the Chancellor proposed that the code be enshrined in legislation, 'to rule out the possibility of profligate fiscal behaviour and so that governments can be held accountable for their policy decisions' (HM Treasury, 1998, p. 3). At the heart of the Code stand five principles of fiscal policy management: *transparency* in the setting of fiscal objectives, implementation of policy and presentation of results; *stability* in policy making and the impact of fiscal policy; *responsibility* in the management of public finances; *fairness* not least between generations; and *efficiency* in managing both sides of the public sector balance sheet.

To achieve these objectives, and more importantly to indicate in public how specific policies relate to declared principles, the government has drawn up plans to recast the Financial Statement and Budget Report (to include its key operating assumptions and explain discrepancies between outcomes and previous budget forecasts) and to introduce an Economic and Fiscal Strategy Report (reconciling short- and long-term fiscal strategy). In addition, to enhance accountability and transparency the government proposes a closer involvement of the National Audit Office to police key assumptions and conventions underpinning economic policy. In short, through these measures, justified in terms of openness and accountability, the government aims both to alter expectations of key actors (in particular public sector trade unionists) and insulate itself from the consequences of tight fiscal policies.

Finally, depoliticization strategies have been pursued in an overall context favouring the adoption of binding 'rules' that limit government room for manoeuvre. Throughout Europe this is clearly seen in the preference for the fixed exchange rate management system the centrepiece of which is the ERM and the convergence rules governing

the move to Stage 3 of European Monetary Union. In Britain in late 1989, membership of the ERM was advocated as the best possible means of securing low inflation while shielding the government from the impact of recession (Bonefeld and Burnham, 1996). Major and Lawson agreed with the Bank of England in early 1990 that Britain would reap substantial benefits from joining the ERM. In particular by ruling out periodic exchange rate realignments both sides of industry, in Major's view, would be forced to face the long-standing problem of inflationary wage settlements. Thatcher's remedy for the 1980s, that policy should focus on the control of monetary aggregates (the Medium Term Financial Strategy) weakened as the government found increasing difficulty in controlling the money supply, and as different measures of money contradicted each other (Grant, 1993, p. 56; Bonefeld, 1993, pp. 162–77). The prerequisite for sustained ERM membership was a reduction in unit labour costs through lower wages and the intensification of work. With inflation rising, the ERM offered the government the opportunity to have monetary discipline 'implemented from without' (Sandholtz, 1993, p. 38). Clearly, the Major administration hoped it could be insulated from the unpalatable consequences of 'economic adjustment' by joining an international regime constructed on the basis of binding rules. ERM membership, the government hoped, would force employers to compensate for the high interest rate pressure on profits by confronting their labour force to secure lower wage rates and increase output per worker. A falling exchange rate would no longer compensate sluggish productivity or enable wage negotiators to agree 'unacceptably' high claims. In essence, the ERM replayed the episode of Britain's return to the Gold Standard in 1925. The 'politics of austerity' could now be legitimated in the language of globalization with 'rules' and 'external commitments' uppermost. In many respects, and from the viewpoint of the governors, ERM membership worked. Inflation fell from 10.9 per cent in October 1990 to 3.7 per cent by September 1992. Lamont heralded the 'sea-change' in attitudes to inflation that occurred in Britain, particularly among trade union leaders, since joining the wide band in October 1990. But above all else, this act of depoliticization enabled Major to preside over the second worst recession since World War II and survive for a further term of office (see Bonefeld *et al.*, 1995).

In a wider context the adoption of rules-based strategies is also evident in government support for new international institutions such as the World Trade Organization and in particular the linchpin of the organization, its dispute settlement mechanism which seeks to

integrate previously disparate settlement procedures and enforce the rules of the WTO.¹⁷

The argument of this chapter has been that by retaining a conceptualization of the internal and necessary relations between labour, state and capital, it is possible to avoid the vague generalizations about the future of the state which abound in globalization studies. It is more productive, I have suggested, to analyse the politics of state management, which in the 1990s seem to be characterized by a number of depoliticization strategies accompanying the internationalization process.

The recomposition of the global circuits of productive, commodity and money capital (popularly understood as 'globalization') has not fundamentally transformed the character of the capitalist political economy. Despite talk of 'economic miracles' or 'new paradigms' the principal 'problems' facing both governments and capital have not changed.

Notes

01. A good overview is provided by Bromley (1991, pp. 129–50).
02. For further detail see Bonefeld and Burnham (1996, 1998); and Burnham (1997).
03. This is pursued in more detail in Burnham (1991).
04. For an extended discussion of the limits of 'fractionalist' approaches to policy making see Clarke (1978).
05. Although Cox sees some 'social forces' benefiting from globalization, he adopts the standard IPE view that powerful globalizing trends opened up national economies and weakened the 'protective response' of national governments. In short, 'global finance limits drastically the capacity of states to conduct autonomous economic and social policies for the protection of their populations', (Cox, 1996, pp. 515–16). For a critique of orthodoxy in international relations see Rosenberg (1994).
06. Marx ([1867] 1976, p. 174).
07. Although the following discussion focuses exclusively on Britain, the shift from politicized to depoliticized forms of regulation is evident across the globe as former stalwarts of social democracy (including Sweden) show increasing interest in central bank independence, and neo-corporatist models (Germany) seek greater forms of worker flexibility allied to hard line central bank independence.
08. *PRO T267/12 'Policy to Control the Level of Demand 1953–58'* (Public Record Office: Treasury Historical Memoranda No. 8, July 1965).
09. *PRO T267/28 A Special Study of Government Incomes Policy* (Treasury Historical Memo, 1976).
10. This was a plan to make sterling convertible on a floating rate in 1952. For details see Cairncross (1985, pp. 234–71) and Procter (1993, pp. 24–43).
11. *PRO T236/3242 'Setting the Pound Free' Memo Cherwell to Churchill*, 18 March 1952. Cherwell, an opponent of the plan, used this argument to persuade the Cabinet that Robot was a risky strategy for the Conservative

government given their slender overall majority. He nevertheless accurately represented the argument of Robot's advocates.

12. The term 'reregulation' is preferred to 'deregulation' since in the last 20 years we have seen a complex process of the drafting of new regulations (often new market-oriented rules) rather than a simple lifting of regulations. (See Phil Cerny, 'The deregulation and re-regulation of financial markets in a more open world', in Cerny (1993) pp. 51–85. Also see Helleiner (1994) and Thompson (1995).)
13. For further details see Van Dormael (1997).
14. For an overview of literature on rules versus discretion see, Keech (1992, pp. 259–78); and Kydland and Prescott (1977, pp. 473–91). Also see the useful discussions of 'new constitutionalism' by Gill (1995, pp. 399–423; 1998, pp. 5–26).
15. For further details see, Bonefeld and Burnham (1998, pp. 32–52); and Smith (1998, p. 6).
16. For a good overview of the impact of legislation see McIlroy (1997, pp. 93–122). On the reorganization of labour in the public sector see Fairbrother (1994, 1998) and Carter (1997, pp. 65–85).
17. For further details see Marceau (1997, pp. 25–81); and the collection by Ernst-Ulrich Petersmann (ed) (1997).

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3

The Spectre of Globalization: On the Form and Content of the World Market

Werner Bonefeld

Introduction

Only a few years ago, capitalist development was analysed in terms of nationally based strategies such as Thatcherism or Reaganism. Their successors in office have not been granted an 'ism'. Instead, the focus of analyses falls on globalization. Globalization is perceived as an all-pervasive force in the modern world that forces national states to accommodate to global pressures at the risk of being left behind. National states and workers alike are judged to be virtually powerless to withstand the 'globalized' power of capital.

The precise meaning and significance of 'globalization' continues to be disputed.¹ It is, however, generally assumed that the idea of a cohesive national economy and domestic society no longer holds, that we witness the creation of a truly global economy and society, and that everyday life has become dependent on global forces. The defining elements of globalization are many and can be summarized as follows: the emergence of a global financial structure is seen to have led to the dominance of finance over production and undermined national systems of financial regulation. Finance capital is seen to have become an independent and powerful global force in its own right (Strange, 1988, 1991). Then there is the emergence of global oligopolies in the form of multinational companies and transnational banks. These are seen to have become most powerful actors. The global operation of multinational companies and finance capital is said to lead to a borderless world (Ohmae, 1990). Globalization, in short, is seen to have severely weakened the regulative ability of the national state (Strange, 1996). The 'economy' is seen to have 'denationalized' itself leading to the transformation of the national state into a 'competition state'

(Cerny, 1990, 1997; Hirsch, 1995). This 'state' is seen to be subjected to the demands and requirements of an 'economy' beyond its reach. As a consequence, national states are seen to be competing with each other to achieve comparative advantages to cajole globally footloose capital on to their shores and to retain it there. In short, the competition state is perceived in terms of a 'hyperliberal' state that seeks to make its territory ready for capital investment regardless of the social consequences.

Supported by an array of empirical evidence, critics of globalization² charge, for example, that multinational companies are not as footloose as the proponents of globalization assume and that the national state remains significant as a regulative power and that we witness a regionalization, rather than a globalization, of the world economy. For the critics, an internationally anchored national political strategy to regulate the economy remains a certain possibility (Hirst and Thompson, 1996). The crucial difference, then, between the proponents and critics of globalization rests on their conception of the ability of the state to regulate the economy, with the proponents arguing that the state has been rendered powerless and the critics claiming that it remains a potentially powerful force. What, then, is the relationship between the state and the economy? Cox's (1992, p. 31) view is of interest here. He argues that the state has become 'a transmission belt from the global to the national economy, where heretofore [before the onslaught of globalization] it had acted as the bulwark defending domestic welfare from external disturbances'. For Cox, the state has since the onset of the capitalist crisis in the early 1970s, responded to 'external' economic pressure through institutional restructuring, leading to a greater role of the more market-oriented state apparatuses, like the Treasury, to the detriment of those concerned with social welfare and employment. This is seen to have precipitated a new form of consensus formation between the market-orientated state apparatuses and non-governmental institutions such as the IMF. In Cox's account, the state is actively involved in adjusting the national economy to global capital demands and regulative requirements. Panitch (1994) and Hirsch (1995) go one step further than Cox by suggesting that globalization has been authored by states in an attempt to set the economy free from Keynesian regulative restrictions. Globalization is thus seen as a neo-liberal political project.

The two sides in the debate on globalization are, despite their differences, distinctive only as variants of a common theme. According to Burnham (1997), both sides see the relationship between the state and the economy in terms of two distinct entities of social organization; the 'globalizationists' argue that it is the economy that determines

the political, and the critics charge that the state remains capable of regulating the economy. The question, then, is that of the relative autonomy of either the political or the economic. Should it be accorded to the economy or does it remain – at least potentially – with the state?³

David Held puts the view of the proponents of globalization well. For him (1992, pp. 32–3) globalization implies a distinctively new ‘international order involving the emergence of a global economic system which stretches beyond the control of a single state (even of dominant states); the expansion of networks of transnational linkages and communications over which particular states have little influence; the enormous growth in international organisation which can limit the scope for action of the most powerful states; the development of a global military order which can reduce the range of policies available to governments and their citizens.’ Offe (1996, p. 108) echoes this view by claiming that a left project of an ‘active, preventative state’ providing a ‘positively coordinated policy has evidently exhausted itself’. Anderson (1992, p. 366) reinforces these views when he argues that:

the new reality is a massive asymmetry between the international mobility and organisation of capital, and the dispersal and fragmentation of labour that has no historical precedent. The globalisation of capitalism has not drawn resistances to it together, but scattered and outflanked them... The future belongs to the set of forces that are overtaking the nation-state. So far, they have been captured or driven by capital – as in the last fifty years, internationalism has changed sides. So long as the Left fails to win back the initiative here, the current system will be secure.

Internationalism, then, has outwitted the left whose project of a ‘national-democratic’ regulation of the economy that apparently was appropriate in the past, is no longer viable. In order, then, to recoup the terrain lost to democracy, democracy has to become a transnational affair (Held, 1995).

For the critics, national strategies and inter-nationally co-ordinated responses to globalization are still possible. All depends on the development of ‘governance mechanisms’ (see Hirst and Thompson, 1996). Others argue that the left has to ‘reorient strategic discussions... towards the transformation of the state’ (Panitch, 1994, p. 87). This transformation is endorsed in terms of a return to a democratically grounded domestic Keynesianism so as to achieve ‘a radical redistribution of productive resources, income and working time’ (ibid., p. 89).

The demand, then, is either for a 'shift towards a more inwardly oriented economy' (ibid.) or an international Keynesian authority through which national strategies of economic regulation are anchored (Hirst and Thompson, 1996). In sum, the argument in the debate on globalization is whether capital has escaped the state irretrievably or whether the state is able to regain regulative control over capital. What, however, is to be understood by capital?

In the debate on globalization, capital is, at worst, perceived as a thing that – now – exists globally, and the global is perceived as capital whose economic mechanism has somewhat become dysfunctional concerning social needs because it cannot be regulated politically according to democratic principles. At best, the global capital relation is perceived in terms of capitalist competition. According to Cox (1992, p. 27) the competitive logic of capital on a world scale entails the 'subordination of domestic economies to the perceived exigencies of a global economy. States wily nilly become more effectively accountable to a *nebuleuse* personified as the global economy; and they were constrained to mystify this external accountability in the eyes and ears of their own publics through the new vocabulary of globalisation, interdependence, and competitiveness'. Cox's view is of interest for three reasons. First, globalization is seen as a jargon employed to depoliticize the making of national economic policy; second, global relations of trade, production and finance are perceived as constituting a global economy; and, finally, this economy is characterized as something invisible – a *nebuleuse* – to which national states are accountable. This last point echoes Adam Smith's understanding of the 'market mechanism' as something governed by an invisible hand. Cox's view has much to commend it, especially his conception of the global economy as a *nebuleuse*. However, the shortcoming of Cox's account is that he fails to show the social constitution of this invisible mist. His conception of the global relations of capital is tautological. The answer to the question what is 'capital' is already presupposed: capital is capital and vice versa. As shown by Gunn (1991), such sort of theoretical refinement amounts to an infinite regress of metatheories. The eternal quest of political economy to discover the practical meaning of invisible principles ends up as an irrational exercise because what needs to be understood is presupposed as something beyond reason, that is as something invisible. Were 'economic developments' really governed by the invisible hand, an understanding of our social world as a world made by humans and dependent upon human transformative power would be rendered obsolete.⁴ In sum, not only Cox, but the debate on globalization on

the whole, fails to conceptualize the fundamental relationship between labour and capital. This relationship remains untheorized and is replaced by an understanding of capital as a self-relation. In this way, labour can only be understood in terms of the wage-labour, that is as a labouring commodity (on this see Bonefeld, 1995). As a consequence, labour as the substance of value is excluded theoretically and class struggle obtains merely in terms of a domestic working class that is controlled by 'capital' through the threat of moving production to areas that offer more favourable conditions of exploitation.

For Marx, the relation of capital to itself, that is the relation of capital to capital, constitutes the fetishism of capital. He analysed this in terms of the fetishism of the value form (Backhaus, 1997; Reichelt, 1971). This chapter argues that Marx's critique of the value form needs to be seen as a critique of the global relations of capital. Cox's view of the world market as a '*nebuleuse* personified as the global economy' serves as the starting point. The chapter does not challenge the notion that the capital relation is a global relation. Nor does it dispute the view that the capitalist form of the state implies its function to mobilize those under its jurisdiction to comply with the rule of the market. What the chapter takes issue with is the notion that the state and the economy are two distinct forms of social organization.⁵ Globalization is merely seen as a globalization of the economic. What, however, is to be understood by the global? Where does it exist? If the global is extra-national, where is its location? Most contemporary writing on globalization is premised on the notion of the world market, a notion that is merely taken for granted as a thing whose genesis and constitution remain at best assumed or at worst neglected. The next section introduces Marx's account on the world market. This is followed by an analysis of Marx's critique of fetishism as a critique of the world market. The third section examines the relationship between the world market and crises. The conclusion summarizes the argument and suggests that the world market is not something extra-national and that the national space subsists through the world market.⁶

Marx and the world market

Marx never wrote his projected books on the state and the world market. Nevertheless, a cursory reading of his writings and a brief look at various outlines of his work reveal that both, the state and the world market, are always present. In his outline of 1857, the world market is posed as the final and concluding part of his investigation, coming after the

international relation of production and 'the concentration of bourgeois society in the form of the state' (Marx, 1973, p. 108). Furthermore, the anticipated examination of 'crises' is associated with the projected study of the world market. The theme, then, is 'the world market and crises'. Moreover, following his outline, the world market is conceived to be distinct from the inter-national relations of production. His outline suggests, then, that capitalist crises can be conceptualized adequately only in a global dimension and that the global relations of capital do not equate with the inter-national relations between states or with relations of so-called economic interdependency. Instead, the outline suggests that the world market is the condition through which the relations of economic interdependency subsist. Inter-national relations, in short, acquire a livelihood in and through the world market and the world market suffuses their distinctive existences and relations of competition and interdependency. In short, his outline suggests that the capital relation transcends national states and imposes upon them the condition of their existence, that is the crisis-ridden development of the capitalist exploitation of labour.

For Marx, the projected study of the 'world market and crises' is more than just the final book of his investigation. Rather, it is the conclusion where all contradictions of bourgeois society come into play and as such manifest themselves in their most concrete materiality. This view is supported by Marx's conceptual argument that 'as a rule, the most general abstractions arise only in the midst of the richest possible concrete development, where one thing appears as common to many, to all. Then it ceases to be thinkable in a particular form alone' (Marx, 1973, p. 104). In other words, all and everything subsists not only in relation to the world market but, fundamentally, in and through the world market. This view is shared by, for example, Negri (1984) and von Braunmühl (1978) who argue that, although never fully examined, the world market constitutes, for Marx, the presupposition and result of the reproduction of capitalist social relations. Indeed, in his critique of political economy, Marx's investigation into the contradictory mode of existence of capital points, time and time again, towards the world market as the proper mode of existence and movement of the capital relation. As he argues in volume III of *Capital*, the world market is 'the basis and the vital element of capitalist production' (Marx, 1966, p. 110).⁷ In short, the world market is the 'categorical imperative' of the political economy of capital.

The notion of the world market as the 'basis' of capitalist production raises the question of the distinctive difference between the

'inter-national' relations of interdependency and world market relations. According to Marx, capitalist production is unthinkable without foreign trade (Marx, 1978, p. 456) and 'money' takes off its 'national uniform' when it reaches the world market (Marx, 1983, p. 125). All this seems to suggest that the 'world market' is an inter-national institution that is coterminous with the inter-national state system which brings together national economies through trade and exchange and divides national economies through 'economic' competition. However, for Marx, such a view is rejected: The 'relations of industry and trade within every nation are dominated by their intercourse with other nations, and are conditioned by relations with the world market' (Marx, 1968, p. 149, author's translation). This suggests that the world market is not the sum of many states and their 'national economies'. Rather, it is the foundation upon which inter-national relations between states rests. The world market, then, constitutes the totality of capitalist existence, a totality through which nationally located industry acquires its livelihood as capitalist industry. The world market, then, becomes the 'categorical imperative' of capitalist production within national borders, between national borders and beyond national borders. Furthermore, as such an imperative, trade and industry within national borders amount, at the same time, to trade and industry beyond national borders. The productivity, then, of the 'domestic' exploitation of labour acquires its livelihood in and through the world market. It is this market that suffuses, confirms and contradicts the 'domestic' exploitation of labour. It is in and through the world market that the 'domestic' exploitation of labour acquires its livelihood as capitalist production. Thus, Marx's insistence that whoever wants to speak about the division of labour has to speak about the world market (Marx, 1977, p. 550). The division of labour entails the international division of labour, the former cannot be conceived without the latter. In other words, the 'national' acquires its livelihood as a territorialization of space, which is sustained by and subsists through the international division of labour.

For Marx, the notion of the international division of labour does not depend on Ricardo's ([1821] 1995) idea of 'comparative advantages'. Ricardo's approach assumes the existence of relatively independent national economies and seeks to supply an argument that renders the 'complexity' of the inter-national relations of production coherent and capable of rational organization through schemes of a mutually advantageous national specialization of production.⁸ Marx's account does not focus on inter-national comparative advantages but, rather, on the

equalization of the rate of profit on a global scale. This equalization 'compares' the productive labour set to work within industry with the productive labour of all other industries, leading to the determination of an average rate of profit.⁹ This average rate of profit obtains as the average world market rate of profit. This equalization and averaging entails the unleashing of a 'heavy artillery' (cf. Marx and Engels, 1997, p. 17) upon national states should the exploitation of labour within their jurisdiction fall below the average world market rate of profit. This heavy artillery impresses itself upon national states through pressures on the exchange rate, the accumulation of balance of payments deficits and drains on national reserves. In other words, the conditions of exploitation impress themselves upon the national state through the movement of money capital. It is through this movement that the global conditions of accumulation impose themselves on 'national economies'. World money is not only a means of exchange or a means of payment and, in case of debt, repayment; it obtains, fundamentally, as a power that polices the effectiveness of the 'domestic' exploitation of labour (see Bonefeld, 1996).

The circumstance that the equalization of the rate of profit obtains at the world market means that the domestic productivity of labour is validated in terms of value only in and through the 'global' conditions of exchange. The formation, then, of an average rate of profit transforms the apparently local conditions into conditions of the 'organic composition' of 'global capital'. The existence of the world market, then, presupposes 'a very developed totality of real kinds of labour, of which no single one is any longer predominant' (Marx, 1973, p. 104). This general 'indifference towards any specific kind of labour' means that the category of labour has become in reality 'the means of creating wealth in general, and has ceased to be organically linked with particular individuals in any specific form' (ibid.). All social labour, whatever its specific concrete character and wherever it occurred, is integrated into the organic composition of 'global capital'. In sum, the emergence of labour in its most simple form as abstract labour not only 'requires the fullest development of the most modern society' (ibid., p. 105) it, also, establishes the world market as the basis, premise and continuously reproduced result of the capitalist relations of production. In short, 'the tendency to create the world market is directly given in the concept of capital itself' (ibid., p. 408). The market, then, does not obtain as a national market but only, and with necessity, as a world market (see Marx, 1981, p. 128).

Within this context, world trade is exclusively driven by the satisfaction of needs, that is, the 'need of production' (Marx, 1977a, p. 76).

Thus, the perverse cosmopolitanism of bourgeois society. It institutionalizes itself politically in the form of the national state while its condition of existence is the world market. 'The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connection everywhere' (Marx and Engels, 1997, p. 16). Bourgeois society is a class society. Its constitutive relationship is that of the capital-labour class antagonism whose dynamic entails the polarization of society between two different 'sets' of property owners, one owning the means of production and the other owning no more than their labour power. The dynamic, then, of bourgeois society is one of class struggle over – in its reformist guise – the redistribution of wealth or – in its revolutionary form – the transformation of the means of production into means of emancipation. From a capitalist perspective, the dialectic of class struggle has, of course, to be contained to maintain the society of burghers, that is the society of bourgeois property owners. Concerning this, the bourgeois form of the state fulfils a protective role; it protects the rights of private property and therewith guarantees the foundation upon which bourgeois society rests. The exchange relations between property owners pertains as an exchange between the owners of commodities. The commodity, as Marx (1981, p. 128) argues, is in and for itself beyond every religious, political, national and linguistic barriers. Its language is price and its community is the abstract wealth that money represents. Thus, capital, whether in terms of commodity capital, money capital, or productive capital, has neither a national character nor a patriotic affiliation. Its patriotism is money and its language is profit. The cosmopolitanism of bourgeois society consists, then, in its 'concentration in the form of the state' (Marx, 1973, p. 108) whose time-honoured role and function is to guarantee and protect the bourgeois rights of property which, themselves, obtain at the international stage of an all-penetrating freemasonry.

In distinction to the debate on globalization, the state and the economy are not two separate entities of social organization. Neither can it be argued that globalization has tipped the balance between the state and the economy in favour of the economy, undermining the so-called ability of the state to organize its national economy according to social-democratic principles of social justice as allegedly was the case, as Cox argues, before capital started, in the 1970s (!), to 'de-nationalise' itself. The world market is the categorial imperative of the political economy of capital and as such the practical and conceptual conclusion of the relations of exploitation. In short, the state and the economy do not exist as externally related entities one of which determines

the other but, rather, as forms of the relation which constitutes them. Both are distinct-in-unity as forms of the capitalist relations of exploitation.¹⁰

The term 'bourgeois society', in distinction to the debate on globalization, does not stand for a national society. The attribute national indicates some sort of homogeneity of interest and shared values, a homogeneity that is neatly summoned by the metaphor of the 'one national boat' (cf. Reich, 1991). Proponents of globalization, such as Reich, argue that such an integrated national society did indeed exist prior to globalization and that globalization has undermined the capacity of the state to regulate 'its' national economy according to social needs, leading to a society that is 'increasingly fractured on socio-economic lines' (Hirsch, 1997, p. 46). However one might wish to assess, *inter alia*, Reich's image of a one-national past, the metaphor of a one national boat stands, since Roman times, for a conservative conception of an organic or corporate society where everybody regardless of position fulfils socially valid tasks: the majority rowing the minority navigating. The notion, then, of a 'one national economy' that is being undermined by the forces of globalization makes as little sense as the idea that globalization, as Hirsch sees it, divides a once nationally integrated society along 'class lines'.

In distinction to the debate on globalization, the term 'bourgeois society' stands, from its inception, not only for a class-divided society but, also and because of this, for the global freemasonry of capital. Following Marx, 'just as money, general exchange, subsists as world money, as global exchange, so the owner of commodities, the bourgeois, is a cosmopolitan' (cf. Marx, 1981, p. 128). As such, the notion of a national bourgeoisie, of a national capitalism, is misleading (cf. Marx and Engels, 1970). In the *Communist Manifesto*, the life of the bourgeoisie is portrayed in terms of the global existence of capital: old industries are destroyed and replaced by new industries whose introduction is a question of survival within the global system of production and the division of labour, 'giving a cosmopolitan character to production and consumption in every country' (Marx and Engels, 1997, p. 16). The notion, then, of a 'national economy', of distinct 'national capitalisms' (cf. Hirsch, 1989, p. 92, author's emphasis), makes little sense; it is a regressive concept that lends itself, at best, to ideas of national developmental methods associated with the theory and practice of economic nationalism (List, [1841] 1904) or, at worst, to the reactionary and romantic ideas and practices of nationalism. Of course, protectionism was and still is a very powerful device to protect a

'national economy'. However, neither is the national economy independent from the world market nor does it merely exist in relation to the world market. Rather, the national economy subsists in and through the world market. Protectionism, then, amounts merely to a 'measure of defence *within* free trade' (Marx and Engels, 1970, p. 78).

Whereas contemporary conceptions of globalization transfer mutually dependent moments, such as, for example, territorialized political spaces, into model-like relations of distinct comparative advantage that global capital seeks to exploit, Marx's investigation shows that the first moment of the capitalist state is also the first moment of generalized commodity production. Generality, however, obtains only as universality. The emergence of capital as the dominant production relation entails the emergence of a world where separate and distinct histories become subsumed and condensed into a single world history 'insofar as it made all civilised nations and every individual member of them dependent for the satisfaction of their wants on the whole world' (Marx and Engels, 1970, p. 78). Marx's projected book on the world market as the conclusion of his critique of political economy indicates, then, that the world market is the presupposition, premise and result of the capitalist exploitation of labour.

In sum, capital has been, from its inception, a global phenomenon. This could be seen to mean that 'capital tries to overcome the barrier of the limited domestic market by seeking out markets on a global scale' (Clarke, 1988, p. 143). This view, however, remains attached to an understanding of capital as a domestic force that merely seeks to overcome domestic constraints by globalizing itself. Yet, Clarke shows that 'capital was from its birth a global power' (*ibid.*, p. 178). This insight is of fundamental importance because it highlights that 'the world market, international capitalism, the global system of social relations that has grown up for the first time in history' emerged at the same time as the national state (Barker, 1991, p. 205). Both, the establishment of the national state and the world market, were products of the same social struggles that revolutionized feudal social relations. In this way, then, 'the question of the national integration of the state could not be divorced from that of the integration of the international state system' (Clarke, 1988, p. 179). The emergence of the national state 'originated as an international system of states' (Picciotto, 1991, p. 218), a 'system' of interstate relations that is founded on: 'the international relations of production. International division of labour. International exchange and import. Rate of exchange' (Marx, 1973, p. 108). Furthermore, this interstate system was, from its inception, embedded within the 'global

context of production and exchange' (von Braunmühl, 1978, p. 163). In other words, the 'world market is integrated into the national economy' (ibid., p. 168). The world market, then, is not the sum, paraphrasing Hirsch (1989, p. 92), of distinct national capitalisms. Nor is it a recent force that has undermined the integrity of national economies. Such 'integrity' never existed and it makes little sense to construe it retrospectively to indicate the 'novel' character of today's capitalist world. Rather, the world market subsists, from its inception, 'in and through the territory of states' (Burnham, 1994, p. 23) without being identical with them. The following section examines this insight by focusing on the form and content of the world market.

World market and fetishism

The world market is a historical precondition of capitalist social relations. The 'creation in the 16th century of a world-embracing commerce and a world-embracing market' laid the 'historical ground-work' from which capital social relations emerged (Marx, 1983, p. 145). However, the capital relation 'can spring into life only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power' (ibid., p. 167). The separation of labour from its means is the constitutive presupposition of capitalist social relations. The world market and the national state emerged, historically, in and through the primitive accumulation of capital where labour was set free from relations of personal dependency, and conversely, where the former lord was freed from his dependent serfs.

Once capital has been established as the dominant production relation, the historical preconditions of its genesis transform into presuppositions of its continued existence. 'The expansion of foreign trade, although the very basis of the capitalist mode of production in its infancy, has become its own product, however, with the further progress of the capitalist mode of production, through the innate necessity of this mode of production, its need for an ever-expanding market' (Marx, 1966, p. 237). The world market forms, thus, the 'basis for this mode of production'; it is the historical foundation of capital as well as its continued result (ibid., p. 333). Following Marx's outline of study, the investigation into 'world market and crises' comes last because it would make little sense to let the conceptualization of social forms follow one another 'in the same sequence as that in which they were historically decisive. This sequence is determined, rather, by their relation to one another in the mode of bourgeois society, which is precisely

the opposite of that which seems to be their natural order or which corresponds to historical development' (Marx, 1973, p. 107). This section argues that Marx's critique of the fetishism of the value form has not just to apply to the world market. Rather, it is a critique of the world market.

The fetishism of the value form obtains as the world of the commodity.¹¹ It is this world that appears to produce the interconnection between 'the individual with all other individuals' (Marx, 1973, p. 161). Thus, the world market is understood as the most developed form of individual interconnectedness and interdependence (ibid., pp. 160–1). The apparent automonization of the value form (Marx, 1983, ch. 1 sect. 4) acquires, then, a livelihood in the apparent 'autonomisation of the world market' (Marx, 1973, p. 160) from the social individual. The world market poses the totality of bourgeois social relations and as such a totality posits the basis of the productive practice of all individuals as alienated individuals. The world market includes not only 'the activity of each individual' (ibid.) it is, also, '*independent of this connection from the individual*' (ibid., p. 161). The productive practice of the social individuals, then, creates a world that, instead of being controlled by them, confronts them as an, altogether, independent power as if their product has a power over them.

Behind the liberation of the social individual from relations of personal dependence, the rule of objective conditions obtains: 'Individuals are now ruled by *abstractions*' and these abstractions subsist in the form of objective world market conditions that 'are independent of the individual and, although created by society, appear as if they were *natural conditions*, not controllable by individuals' (ibid., p. 164). The divorce, then, of labour from its conditions entails not only the complete independence of the individuals from one another but, also, their complete dependence on the seemingly impersonal relations that the world market presents. Thus, the independence of the individual is an 'illusion, and so more accurately called indifference' (ibid., p. 162). Their independence is that of atomized market individuals that are 'free to collide with one another and to engage in exchange within this freedom' (ibid., pp. 163–4); and their indifference to each other is that of human factors of production whose social existence as individuals appears to derive from objective conditions and their systemic laws of development. Their connection as social individuals appears to be constituted by impersonal relations, by the things themselves. The world market, then, appears to create a 'spontaneous interconnection, a material and mental metabolism which is independent of the knowing and willing

of individuals, and which presupposes their reciprocal independence and indifference' (ibid., p. 161). The liberation of the social individual from feudal relations of personal dependency is thus overcome in as much as these relations of personal dependence are transformed into relations of objective dependence (ibid.).

Marx's insight into the alienation of the social individual to the universal form of her existence, the world market, appears to be endorsed by the debate on globalization. In this debate, the world market is understood in terms of an irresistible 'objective coercive force' (*Sachzwang Weltmarkt*; see Altvater, 1987). However, in distinction to this view, Marx does not conceive of the world market in terms of an objective thing in itself. Rather, the world market is posed as the universal existence of the fetishism of the commodity form. Thus, the coercive character of the world market has a real existence. However, its objective coercive force does not derive from the world market as such. The world market appears as if it were a thing in itself only when it is conceived in abstraction from the relations of class that constitute the global world of capital. The conception of the world market as a thing in itself abstracts 'from the *conditions, the conditions of existence* within which these individuals enter into contact'. The notion, then, of the world market as an objective coercive force makes sense only on the assumption that the reified world of capital entails the 'immediate and direct proof of the general laws' of capitalist social relations (Marx, 1969, p. 106). Against contemporary conceptions of the global power of capital, the point of the critique of political economy is not to accept the reified existence of capital, but to study its social constitution. In distinction, then to the debate on globalization, 'it is an insipid notion to conceive of this merely *objective bond* as a spontaneous, natural attribute inherent in individuals and inseparable from their nature ... This bond is their product. It is a historic product' (Marx, 1973, p. 162). Thus, to conceive of the world market merely in terms of objective relations of dependency is to endorse the 'ideological projections of capital' (ibid., p. 165).

The debate on globalization is premised on an understanding of capital in terms of competing capitalist interests, and the strategic choices and decisions of especially transnational banks and multinational companies. The debate suggests that it is capitalist competition that constitutes and determines capitalist developments (Brenner, 1998). In short, the debate on globalization seeks to rationalize the strategic calculations of particularly transnational banks and multinational companies and to trace the likely socio-political consequences of their 'action'.

Globalization theory, in other words, conforms its theoretical view to the self-image of capital as an economic force that exists by and in itself. However, and against such mysterious conceptions of capital, 'capital can not confront capital if capital does not confront labour, since capital is only capital as non-labour' (Marx, 1973, p. 288). The understanding, then, of the global relations of capital has to go forward through an examination of the relations of exploitation and that is through an understanding of the dependence of capital on labour. Capital can not liberate itself from labour; it has to confront labour and it can confront labour only if it imposes necessary labour on the worker.

Capital does not compete with capital for no-thing. It competes for a greater share in the abstract wealth pumped out of labour.

It is only foreign trade, the development of the market to a world market, which causes money to develop into world money and *abstract labour* into social labour. Abstract wealth, value, money, hence *abstract labour*, develop in the measure that concrete labour becomes the totality of different modes of labour embracing the world market. Capitalist production rests on the *value* or the transformation of the labour embodied in the product into social labour. But this is only [possible] on the basis of foreign trade and of the world market. This is at once the pre-condition and the result of capitalist production.

(Marx, 1972, p. 253)

In other words, the understanding of capital as an objective coercive force obscures rather than reveals the constitution of capital. It does not include '*human natural force*' (Marx, 1973, p. 330). This force is the productive power of labour. 'Labour is value creating' (Marx, 1966, p. 823) and the social character of exploited labour 'does not show itself except in the act of exchange' (Marx, 1983, pp. 77–8). Capital, as Marx insists, 'only appears *afterwards*, after already having been presupposed as capital – a vicious circle – as *command over alien labour*' (Marx, 1973, p. 330). Capital appears only afterwards because it is through exchange that the exploitation of labour is validated in terms of socially necessary labour time, of value. In other words, capital is neither a thing nor can it be identified with individual companies however multinational they might be. Capital is 'a definite social production relation' (Marx, 1966, p. 814) and, because of this, the concept of capital makes sense only when labour is seen as a presence within capital. The understanding of capital as command over labour, as a 'perennial pumping-machine of

surplus labour' (ibid., p. 822), provides a quite different understanding of the world market, of global capital, to those approaches that see it merely as an objective-coercive force. The world market becomes, instead, a space constituted by the presence of labour within the concept of capital; a global relation of command and, as such, a relation that subsists in and through the contradictory constitution of this command: a crisis-ridden relationship of exploitation and therewith class struggle.

Marx's critique of political economy is not satisfied with an analysis of the operation of exchange relations. Rather, his project is to understand the social constitution of these relations and that is the social constitution of value. The act of exchange does not explain the generation of the 'thing' that is being exchanged, nor does it explain why the individual producers exist in the way they do. Political economy is an attempt to understand exchange relations and, from within exchange relations, the relations of production. Thus, at best, Ricardo's labour theory of value, following Negri (1992, p. 70), merely shows that 'the development of social labour produces either a process of accumulation of value or a complex norm of distribution'. The secret of the social constitution of value remained unresolved because 'value' was merely conceived as a 'thing' and not as a social relationship. Yet, this debasement of human relations as relations between things is as real as the fact that on the other hand there would be nothing without individuals and their spontaneities. In other words, the movement of value manifests itself as an automatic movement, 'acting with the force of an elemental natural process' as if it were an 'independent thing' (Marx, 1978, p. 185) that is historically active and stands above and so structures social relations, and dictating to the social individuals as if it were an unresistable force in its own right. However, value is this independent thing only if looked at merely in terms of its formal mode of movement, that is in terms of the 'fetishism of capital, as a value-creating-thing' (Marx, 1966, p. 829). This fetishism is due to the circumstance that 'all of labour's social productive force appear to be due to capital, rather than labour as such' (ibid., p. 827). There is no doubt that human practice subsists in and through the world of commodities as if 'the person objectifies himself in production [and] the thing subjectivies itself in the person' (Marx, 1973, p. 89). There is, however, no 'form' without 'content' (Marx, 1983, p. 78; 1966, p. 392). To argue that form exists without content is to say that form is external to its own social constitution. Like the notion of the world market as an objectively coercive thing, the notion of value as a form without content espouses the religion of bourgeois society: commodity fetishism. It espouses, in other words, the notion of capital as a thing in itself.

In sum, approaches that focus on the global world of capital as an objective coercive force merely describe what is already presupposed: social existence obtains within a framework of objective economic laws whose rationality imposes itself 'objectively' on the protagonists and sets in motion the decisive conditions of economic adjustment to global capital requirements. In other words, human social practice is seen as something that is condemned to execute economic laws. In contrast to such views, Marx's critique of fetishism shows that the derivation of human social practice from 'the action of objects' (Marx, 1983, p. 79) reformulates the doctrine of the invisible hand. In this way, social reality is seen to be governed by something which cannot be comprehended, let alone determined. Human productive relations are governed by something invisible and this invisible defines the conditions and circumstances of human existence. However, the invisible operates with an iron fist: those unaware of its operation will feel its cold and dispassionate 'hand'. All that can be done is to accommodate and comply with the rule of the invisible and irresistible hand. Social practice is thus derived from something which transcends human understanding and transformative power. In other words, social existence is a fate rather than a social act. Approaches that rest on the assumption of the world market as a constituted thing, of global capital as an objective coercive force, are not only endorsing 'capital' as some sort of economic law of nature. They are also, and because of this, doctrinaire in their conception of capital. According to Horkheimer (1985, p. 84) one of the blind spots of dogmatic thought is the separation of genesis from existence. Indeed, if capital is endorsed as a constituted thing, its dynamic appears to derive from a blind and impersonal 'system-logic' to which the social individual has to accommodate and conform in order to stay alive. Dogmatism, of course, feels most at home in approaches that refuse to understand the social world we live in as a world constituted in and through human social practice, however perverted this practice might be. In short, 'the constitution of the world occurs behind the backs of the individuals, yet it is their work' (Marcuse, 1988, p. 151).

Following Marx, 'it is only in the markets of the world that money acquires to the full extent the character of the commodity whose bodily form is also the immediate social incarnation of human labour in the abstract' (Marx, 1983, p. 141). Furthermore, it is the tendency of capital to pull away 'the national ground from the foundation of every industry' and to transfer it to 'conditions of production outside itself, into a general context' (Marx, 1973, p. 528). This undermining of

'locality' entails that the 'general foundation of all industry comes to be general exchange itself, the world market, and hence the totality of all activities ... of which it is made up' (ibid.). In this way, the search for new markets, new natural resources, and new workers is a constant search. Caffentzis' (1995) treatment of the contemporary debt crisis as a renewed phase of primitive accumulation, a new enclosure movement, has much to commend it. The enforcement of debt through the transformation of subsistence economies and relations of communal production into relations of capitalist exchange characterizes not only the period of the 'industrial revolution'; it characterizes the contemporary politics of global capital. In short, primitive accumulation is a constantly reproduced accumulation, be it in terms of the contemporary separation of new populations from the means of production and subsistence, or in terms of the reproduction of the wage relation in the 'established' relations of capital. The former seeks to bring new workers under the command of capital (Caffentzis, 1995; Dalla Costa, 1995) and the latter to retain them.

The positing of the means of production as capital is based on the existence of labour as 'object-less *free labour*' (Marx, 1973, p. 507) under the command of capital (cf. ibid., p. 508). The primitive accumulation of capital is not just a presupposition of capital that merely pertains as its historical past. Rather, it is constitutive of capitalist social relations and as such has to be posed and reproduced within the established existence of 'capital'. Capitalist 'accumulation merely presents as a *continuous process* what in *primitive accumulation* appears as a distinct historical process, as the emergence of capital' (Marx, 1972, p. 272). The world market, then, is founded on the worker's propertylessness – the divorce of labour from her conditions is the presupposition of capital, a presupposition that capital has to reproduce in order to retain and maintain labour as object-less free labour and therewith as an exploitable resource. 'It is clear that capital presupposes labour as wage labour' (Marx, 1966, p. 824). The innate necessity of capital is, then, not just to create '*a constantly widening sphere of circulation*, whether the sphere itself is directly expanded or whether *more points within it are created as points of production*' (Marx, 1973, p. 407). The universality of capital 'towards which it irresistibly strives' (ibid., p. 410), amounts also to the universalization of its genesis as the condition and presupposition of its established world market existence. The world market is thus the basis of capitalist relations of exchange and, through exchange, of the relations of exploitation. In sum, capital creates not only 'bourgeois society, and the universal appropriation of nature as well as of the

social bond itself by other members of society' by means of generalized exchange (ibid., p. 409). It also carries with it its dependence on labour. It has to exploit labour in order to preserve itself as capital and it can preserve itself as capital only in and through the progressive exploitation of labour's productive power (cf. Marx, 1983, p. 555). The world market, then, stands not just for the 'global' expansion of 'capital' but, importantly, for the universality of the class antagonism between capital and labour and therewith the totality of its own contradictory constitution.

Capital is capital only in and through the constitution of human social practice as a perverted practice, as an object-less practice which obtains in the form of a wage-labouring commodity. However, capital has no logic independent of labour's – however perverted – social existence. As indicated by Schmidt, the reality in which the social individual moves day in and day out has no invariant character, that is, something which exists independently from it. Thus the critique of political economy amounts to a conceptualized praxis (*begriffene Praxis*; cf. Schmidt, 1969), that is, an understanding of the totality of human social practice, which constitutes, suffuses and contradicts the world of capital. Thus, in order to understand the working of the world market, one has to descend from its objective coercive existence (*Dasein*) to an analysis of the social relations of production; from the sphere of circulation to the constitution of value; from the object-less existence of labour to the relationship between necessary and surplus labour; and from the exploitation of labour to capital's dependency on labour's value creating power. In sum, one has to conceptualize the displacement of production towards the world market and, conversely, the constitution of the world market as the space where the perverted productive practice of the social individual acquires its livelihood as capitalist command over living labour. The existence of the social individual as an exploitable resource is as real as the circumstance that capital is no-thing without human social practice.

In sum, capital is a 'living contradiction' (Marx, 1973, p. 421). Labour 'is and remains the presupposition' of the 'law of capital ... to create surplus labour' (ibid., p. 399). This, then, is the law of capital: to avoid the threat of its own capital-punishment, it is condemned to exploit labour (cf. ibid.). For capital, then, to assert itself as 'non-labour' it has to posit necessary labour (cf. ibid., p. 288). In other words:

capital forces the workers beyond necessary labour to surplus labour. Only in this way does it realize itself, and create surplus value. But on the other, it posits necessary labour only *to the extent* and *in so far*

as it is surplus labour and the latter *realizable* as *surplus labour*. It posits surplus labour, then, as the condition of the necessary, and surplus value as the limit of objectified labour, of value as such. As soon as it cannot posit value, it does not posit necessary labour; and, given its foundation, it cannot be otherwise.

(*ibid.*, p. 421)

The world market, then, obtains in and through the capitalist tendency 'to make human labour (relatively) superfluous, so as to drive it, as human labour, towards infinity' (*ibid.*, p. 399). Capital, then, exists in antithesis to necessary labour and at the same time only in and through the imposition of necessary labour. It cannot posit surplus labour without positing necessary labour (cf. *ibid.*). Labour is the creator of surplus value (cf. Marx, 1966, p. 823) at the same time as it obtains as a wage-labouring commodity at the disposal of capital as the owner of the means of production. It appears, then, that 'capital posits the *production of wealth* itself and hence the universal development of the productive forces, the constant overthrow of its prevailing presuppositions, as the presupposition of its reproduction' (*ibid.*, p. 541). Thus, the social individual appears as an individual subjected to constant coercive pressures emanating from the world of capital, the world market. At the same time, however, these pressures are 'brought out of him by his labour'. Free labour, commodified labour, is capital's presupposition, a presupposition that shows itself as '*alien wealth*' based on the poverty of the worker (*ibid.*, p. 541). The form of the world market appears, then, as an autonomized thing. However, its presupposition is the class struggle over capital's imposition of necessary labour on the worker. Capital depends upon the imposition of necessary labour, the constitutive side of surplus labour and thus surplus value. This dependence constitutes capital's contradictory existence in as much as necessary labour is not only the constitutive side of surplus value but, also and because of this, the barrier to capitalist command over labour. The constant revolutionizing of the relation between necessary labour and surplus labour does not create capitalist wealth as such. Rather, as the next section explains, it develops the human productive forces that suffuse and constitute the crisis-ridden development of capitalist accumulation.

In conclusion, the entire development of '*human productive forces, i.e., wealth*' (*ibid.*, p. 540), 'proceeds in a contradictory way' (*ibid.*, p. 541). The world market is not just posed as the most spacious expansion of capital's existence but, also and importantly, as the world's history of its dependence on labour. As Marx put it, the world market is the

conclusion 'in which production is posited as a totality together with all its moments, but within which, at the same time, all contradictions come into play. The world market, then, forms the presupposition of the whole as well as its substratum' (ibid., pp. 227–8). As such a substratum, the world market makes the constitution of value through labour not only invisible but, in fact, shows the direct opposite of this constitution. It is as if 'Monsieur le Capital and Madame le Terre do their ghost-walking as social characters and at the same time directly as mere things' (Marx, 1966, p. 830).

In sum, understanding the world market as a global space founded on the separation of labour from the means of production (and emancipation), entails that the world market constitutes the 'totality of the activities, intercourse, needs, etc., of which it is made up' (ibid., p. 426). The category of the world market is, thus, not a category among others. Rather it is the substratum through which all other categories of Marx's critique of political economy subsist (von Braunmühl, 1978). 'The world market is the presupposition of all and the support of the whole' (Negri, 1984, p. 63). The presupposition of the world market is human labour whose productive power exists against itself as if its world is that of the relations between things which appear to be endowed with laws that derive from these same things themselves and whose 'irresistible' developmental logic imposes itself, as globalization orthodoxy argues, upon the living individual as an economic dictate. Globalization orthodoxy seem to agree with Marx's insight that individuals are ruled by abstractions. However, in distinction to globalization theory, these are not 'abstractions' endowed with systemic force as if they existed external to and divorced from the social individual. Rather, they are constituted in and through the productive and disruptive power of social practice. The global world of capital, then, subsists as the space where the 'abstraction of the category of "labour", "labour as such", labour pure and simple, becomes true in practice' (Marx, 1973, p. 105). The social relation which constitutes this determination of labour in capitalist society is the relation between necessary labour and surplus labour, that is, the class antagonism between capital and labour which constitutes the (social) working day on a global scale.

World market and crises

Inherent in the concept of capital is the 'innate necessity' of creating an 'ever expanding market' (Marx, 1966, p. 237). The expansion of the market into the last corner of the world is, according to Marx, one of

the countertendencies to the tendency of the rate of profit to fall. There is, then, the tendency of capital to create ever more and more points of exchange and to develop the world market further through the 'exploration of all of nature in order to discover new useful qualities in things; new universal exchange of the products of all alien climates and lands; new (artificial) preparations of natural objects by which they are given a new use-value. The exploration of the earth in all directions' (Marx, 1973, p. 409). Furthermore, the extension of the market goes hand-in-hand with attempts to annihilate space through time. In distinction to contemporary ideas that globalization is driven by some sort of law inherent in modern technology, the formation of new technology that replaces space by time is a process that is socially constituted. 'Circulation time is a barrier to the reproduction of labour – an increase in necessary labour time – a decrease in surplus labour time' (ibid., p. 539). Thus, the development of more and more modern means of communication in order to be present in all markets all the time. Equally, the expansion of credit-relations allows the creation of 'ever more surplus labour' (ibid., p. 408) by reducing the time productive capital is suspended in circulation or by bridging the gap between the investment requirements of productive capital and the profits acquired in exchange.

Capitalist crisis is not simply a crisis of overproduction or underconsumption, nor is it merely of crisis of capitalist overaccumulation where too much capital confronts saturated world markets.¹² Overaccumulation of capital is the form in which crisis asserts itself. Each individual capitalist has constantly to expand 'his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation' (Marx, 1983, p. 555). The risk is bankruptcy. Thus, mediated through competition capital is spurred into action. 'Fanatically bent on making value expand itself, [the personified capitalist] ruthlessly forces the human race to produce for production's sake', increasing 'the mass of human beings exploited by him' (ibid.). The positing of the results of human labour as a force over and above the social individual, including both the capitalist and the wage labourer, and the 'fanatic' bent on making workers work for the sake of work, is founded on the separation of labour from its means. The freedom of the social individual from its conditions entails the capitalist property right to preserve abstract wealth through the 'sacrifice of "human machines" on the pyramids of accumulation' (Gambino, 1996, p. 55). Capitalist property rights entail that 'labour capacity has appropriated for itself only the subjective conditions of necessary labour – the means of subsistence

for actively producing labour capacity, i.e. for its reproduction as mere labour capacity separated from the conditions of its realization – and it has posited these conditions themselves as *things, values*, which confront it in an alien, commanding personification’ (Marx, 1973, pp. 452–3). In short, capital is a social relationship between labour and the conditions of labour which are ‘rendered independent in relation [to labour]’ (ibid., p. 422) and which, however independent, exist as capital only if capital confronts labour by imposing necessary labour on the world’s working class.

The circumstance that the equalization of the rate of profit obtains at the ‘level’ of the world market means that the individual capitalist ‘always has the world-market before him, compares, and must constantly compare, his own cost-prices with the market-prices at home, and throughout the world’ (Marx, 1966, p. 336). For capital, then, to preserve its existing value, it has constantly to increase the productive power of labour and that is, to compress necessary labour. What restricts capitalist production, then, ‘is not commerce (in so far as it expresses the existing demand), but the magnitude of employed capital and the level of development of the productivity of labour’ (ibid., p. 336). The investment required to set labour in motion in production increases the cost price of production which, even under conditions of a rising rate of exploitation, tends to decrease the rate of profit. This is so because of the rising value of constant capital (means of production) relative to variable capital (labour power). The revolutionizing of the means and methods of production involves constant class struggle over the integration of labour into the production process as an exploitable resource, suppressing the disruptive power of labour in favour of its compliant application as a human factor of production. The containment of labour’s disruptive power and the harnessing of its productive power are two sides of the same coin of the imposition of necessary labour upon social labour power.

It is the constant struggle over the integration of labour as a productive factor into the capital relation that constitutes the foundation of the crisis of capitalist accumulation. Capital is ‘limited by its very nature’ inasmuch as the ‘*development of human productive forces*’ (Marx, 1973, p. 540) liberates social labour relative from production through the revolutionizing of its productive power. Thus, capital contradicts itself because it ‘restricts labour and the creation of value ... and it does so on the same grounds as and to the same extent that it posits surplus labour and surplus value. By its nature, therefore, it posits a *barrier* to labour and value-creation, in contradistinction to its tendency to

expand them boundlessly' (ibid., p. 421). Each individual is compelled, if its devaluation is to be avoided, to appropriate surplus value on an expanding scale. This imposes upon each capital the necessity of expelling living labour from the process of production by decreasing necessary labour to its utmost. This process relates to the '*relation between necessary labour and surplus labour* that is...the relation between the constitutive parts of the working day and the class relation which constitutes it' (Negri, 1984, p. 72). While capital can do no other than to revolutionize the productive power of labour in order to preserve itself as capital, the increase in labour's productive power renders capitalist accumulation crisis-ridden. In other words, the containment of the disruptive power of labour through its integration into the capital relation as a human factor of production is contradictory: it reasserts the disruptive power of labour through the increase of its productive force. Although the worker 'regards the development of the productive power of his own labour as hostile to himself' (Marx, 1969, p. 573), it is the development of his productive power that sets limits to the preservation of capital through expanded accumulation. The barrier, then, to capital is capital itself: the existence of the means of production as capital entails that the incessant quest to preserve their existence as capital through the progressive exploitation of labour is crisis-ridden. For capital to maintain its existence, it has to condemn labour power to the scrap heap of abstract wealth – yet it depends on this power for the production of value. Capital realizes itself only when 'it forces the workers beyond necessary labour to surplus labour' (Marx, 1973, p. 421). What needs to be made manifest, then, is that the exploitation of labour's productive power renders capitalist accumulation crisis-ridden because labour produces too much value than can be realized with rates of profit adequate to the continuous accumulation of capital on a progressive scale.

To recap, the revolutionizing of labour's productive power entails a 'relative decrease of the ratio of variable to constant capital' (Marx, 1966, p. 249). This decrease indicates the development of the social productivity of labour (ibid., p. 213). Less living labour is needed to produce the same amount of commodities. While labour's productive power increases, the cost price of production grows in terms of constant capital relative to variable capital, the value constituents representing necessary labour. The class struggle over capital's tendency to decrease necessary labour so as to increase surplus labour, increases the amount of investment in constant capital relative to variable capital and this in order to make its command over labour count in terms

of profit. There is, then, a 'contradiction between the capitalist tendency to develop the forces of production without limits, and the need to confine accumulation within the limits of the social relations of production' (Clarke, 1989, p. 142). Both a fall in the rate of profit and a decline in the rate of accumulation, express the productive power of labour. The tendency of the rate of profit to fall, including the counter-tendencies to its fall, 'is identical in meaning' (Marx, 1973, p. 749) with the development of the productive power of labour. Crisis, then, signals the overaccumulation of capital not just in relation to the realization of surplus value but, importantly, to the preservation of capital through the progressive accumulation of capital and that is through the progressive exploitation of labour. Capitalist crisis, then, asserts the presence of labour within the concept of capital. The other side of the exploitation of labour's productive power is the crisis of capitalist overaccumulation.

A fall in the rate of profit can, of course, be compensated by the devaluation of capital, the bankruptcy of producers, liquidation of so-called excess productive capacity, mass unemployment, and the concentration and centralization of capital in fewer and fewer 'hands'. A fall in the rate of profit can also be offset by an increase in the mass of profits. Such an increase requires the realization of a growing mass of commodities, rendering an 'economics of scale' a countertendency to 'declining' rates of profits. This insight is very much emphasized by the debate on globalization in terms of the power of multinational companies, of the concentration of productive capital in fewer companies, their world wide chase for new markets for their mass-produced commodities and their search for cheaper labour. In contrast to this debate, this concentration and centralization of economic might does not herald a new sort of capitalism as if globalized capital were an unassailable and invincible thing in itself. As was discussed earlier, 'the means of production become capital only in so far as they have become separated from the labourer and confront labour as an independent power' (Marx, 1963, p. 408). In the course of capitalist reproduction, the separation of labour from its conditions is a continuously imposed separation. In short, the separation 'begins with primitive accumulation, appears as a permanent process in the accumulation and concentration of capital, and expresses itself finally as centralization of existing capitals in a few hands and a deprivation of many of their capital (to which expropriation has now changed)' (Marx, 1966, p. 246). The circumstance that big fish eat small fish does not render obsolete the understanding of capital as a definite social relation 'entered into by

individuals in the process of reproducing their life' (*ibid.*, p. 819). It merely shows that the terror of separation, of capitalism's original beginning, weighs like a nightmare on human social practice.

Capitalist crises assert themselves in the form of 'unemployed' money capital, that is, capital that fails to make a reasonable profit from exploiting labour and has spilled over into speculative channels seeking profitable returns through interest-bearing investment or currency speculation or, indeed, by facilitating take-overs and mergers. 'The so-called plethora of capital always applies essentially to a plethora of the capital for which the fall in the rate of profit is not compensated through the mass of profit – this is always true of newly developing fresh offshoots of capital – or to a plethora which places capitals incapable of action on their own at the disposal of the managers of large enterprises in the form of credit' (Marx, 1966, p. 251). It is this plethora of capital that, for Strange and others, characterizes the new faced capitalism of globalization. However, the so-called credit-superstructure of globalization represents a capital that cannot be converted into direct productive activity. In other words, money capital is unemployed because it cannot be converted into expanded command over labour. Hence, 'unemployed capital at one pole and unemployed workers at the other' (*ibid.*). The sustaining of overaccumulation through credit-expansion implies a potentially disastrous speculative deferral of 'economic' crisis on a global scale. This is because money capital accumulates in the form of a potentially worthless claim on future surplus value. The solidity and very existence of money capital is endangered insofar as a progressive deterioration of the relation between credit and exploitation renders capital, in its elementary form of money, potentially 'meaningless' (see *ibid.*, p. 393).¹³ In sum, the divorce of monetary accumulation from productive accumulation obtains as a mortgage on the future, a speculative gamble over the future exploitation of labour. This speculative betting, then, indicates a loosening of the relationship between capital and the exploitation of labour in the present. In other words, the less credit-expansion is supported by the generation of surplus value through the exploitation of labour in the present, the more the credit-structure is at risk of losing its grip on the very source that supports its commanding existence as abstract capitalist wealth.

There is, then, no doubt that capital can divorce itself from labour, as emphasized by the debate on globalization. However, this divorce does not herald a new sort of capitalism that accumulates wealth without exploiting labour. Instead, it emphasizes the dependence of capital upon labour. Capital's divorce from labour is more ideal than real.

The contradictory unity of surplus value production reasserts itself in M...M' – 'the meaningless form of capital, the perversion and objectification of production relations in their highest degree, the interest-bearing form, the simple form of capital, in which it antecedes its own process of reproduction' (Marx, 1966, p. 392). It appears, then, as if the 'social relation is consummated in the relation of a thing, of money, to itself' (ibid., p. 392). However, 'interest is only a portion of the profit, i.e. of the surplus-value, which the functioning capitalist squeezes out of the labourer' (ibid.). In sum, while capital, in the form of money, assumes the form of an 'automatic fetish' (ibid.), it appropriates unpaid labour; and it is such a power because it 'commands the labour of others bestowing a claim to appropriate the labour of others, and therefore represents self-expanding values' (ibid., p. 355). Although we see, in interest-bearing capital, 'only form without content' (ibid., p. 392), money must command labour so as to sustain itself as the universal form of abstract labour. It cannot forget 'the slow pace, the daily struggle for the extortion of surplus value' (Bologna, 1993, p. 83). And yet, it is this 'forgetfulness' which characterizes the divorce of monetary accumulation from productive accumulation as if capital has assumed an independent existence from labour. Although, in M...M', the relation to labour as the substance of value is seemingly eliminated, the expansion of monetary accumulation exists as a 'claim of ownership upon labour' (Marx, 1966, p. 476), that is, as a claim on a portion of future surplus value. In conclusion, the divorce of monetary accumulation from productive accumulation indicates the crisis of capital's innate necessity of imposing necessary labour on the working class on a global scale. The circumstance that capitalist production is sustained by credit-expansion and debt, including its recycling, indicates the speculative dimension of capitalist command over labour and that is, the fictitious integration of labour into the capital relation itself. Monetary panic and industrial crash are two sides of the same coin.

In a certain way, then, globalization orthodoxy rightly points out that 'capital' has left labour behind. In distinction to the proponents of globalization, this does however not indicate that capital has solved its crisis of accumulation. Instead, this 'leaving behind of labour' is at the heart of the contemporary crisis of capitalist accumulation. Capital might well go beyond its limitations, its dependency on necessary labour. However, 'from the fact that capital posits every such limit as a barrier and hence gets *ideally* beyond it, it does not by any means follow that it has *really* overcome it' (Marx, 1973, p. 410). Credit-expansion does not really overcome capital's contradictory constitution

but merely sustains the reality of its crisis: credit-expansion requires validation through the progressive exploitation of labour. However, credit-expansion developed in inflationary form, or divorced from direct command over labour, because of the overexploitation of labour or, to use a friendlier expression, the overaccumulation of capital. The contemporary crisis of global finance and the intense pressure brought to bear upon the working class, confirms the crisis of capitalist overaccumulation as a crisis of imposing necessary labour, and therewith surplus labour, on the working class on a global scale. The safeguarding of 'credit' depends on how effectively capital can exploit labour, and of how effectively labour resists exploitation. Credit has to command labour. Productive accumulation has to succeed in order for money capital in the form of credit to be sustained. Failure to turn credit into effective command over labour turns debt into bad debt, leading to the deflation of credit and threatening insolvency and bankruptcy for money capital and productive capital alike.

In conclusion, the search for new markets, the concentration and centralization of capital on a global scale, and the divorce of money from direct command over labour, as well as mass unemployment, does not support the view that globalization heralds a new 'regime of accumulation'. The proponents of globalization correctly suggest that capital integrates more and more living labour into the organic composition of capital. However, this expansion of the capital relation amounts to '*an ever broader process of the constitution of the average rate of profit* and it is here that the contradiction inherent in profit, the antagonism of its constituted forces, imposes itself' (Negri, 1984, p. 120). The world history of capital is not characterized by the globalization of 'capital' as if capital amounts to no more than an economic mechanism that, in neo-liberal terms, self-regulates itself through the hand of the invisible. Nor is it an economic mechanism that, in Keynesian terms, fulfils useful economic functions if it is regulated well by the good offices of the state. Capital is a definite social production relation between capital and labour. If anything, then, globalization does not just mean the globalization of 'capital' but, rather, the globalization of the dependency of capital upon labour. In short, the creation of a world market society would amount to the extension of the collective potency of the productive and disruptive power of labour.¹⁴ It is this power capital has to contain as the source of the progressive accumulation of abstract wealth. The world market society is the terrain where the contradictory constitution of capital, its dependence on and antithesis to necessary labour, asserts itself as a crisis of credit, as speculative pressure on

national currencies, and in terms of financial turmoil and industrial crisis. The other side of labour's productive power is the potentially irredeemable accumulation of unemployed capital, of debt. Marx (1966, p. 438) characterized this situation as 'the abolition of the capitalist mode of production within the capitalist mode of production itself'. Within capitalist society, this contradiction can be contained only through force (*Gewalt*) including not only the destruction of productive capacities, unemployment, worsening conditions, and widespread poverty but, also, the destruction of human life through war and starvation. 'Force' is as meaningless and elementary as the accumulation of abstract wealth for accumulation's sake.

Conclusion: world market, labour and the national state

The debate on globalization fails to address the very contradiction that lies at the heart of capital's existence. It ignores the circumstance that labour is a presence within the concept of capital however globalized capital might be. Capital can neither run away nor liberate itself from labour. Instead of conceptualizing the contradictory constitution of capital, the debate on globalization offers abstract generalizations which already presuppose what ostensibly it sets out to explain: capital reigns supreme. Against this view, this chapter has argued that capital is a living contradiction. There is no doubt that capital seeks to 'fragment and disperse' the working class (cf. Anderson, 1992). However, that this is so is already posed by the existence of the wage-relation. Capital is not dependent upon 'its' workers. They can be made redundant. However, capital's independence from particular workers does not imply that it is independent from labour. Capital has to posit value and in order to do that, it has to posit necessary labour. Capital depends on labour; it has to pump surplus labour out of the worker in order to secure its existence as capital. The question of 'space' is not a question of the 'globalization of capital'. Posing the issue in this way already presumes that labour is, in fact, not a presence within the concept of capital. It is, however, this presence that renders capitalist accumulation crisis-ridden.

The 'national' and the 'global' are not externally related things. This chapter has argued that the class antagonism between capital and labour subsists through the world market and that the containment of labour within the realm of the property rights of capital subsists through national states. Of course, the national and the global are not identical but neither are they related to each other as merely external

entities that happen to collide with one another from time to time. The global and the national are different-in-unity: they are moments of the social relations of production which constitute their distinct forms of existence, suffuse their interrelation and contradict their differentiation. The global dimension of the capital relation, its aspatial character, is thus not without 'space'. The aspatial exists, in fact, contradictorily through nationally divided spaces of political sovereignty. In sum, the concentration of bourgeois society in the form of the state entails its function to secure and guarantee the rights of private property. The national state, then, is the 'harmonies' last refuge' (Marx, 1973, p. 886) – the harmonies of equality, freedom, liberty and Bentham. The wage-relation subsists through these harmonies. Further, 'the entanglement of all people in the net of the world market, and with this, the international character of the capitalist regime' (Marx, 1983, pp. 714–15) entails the function of the national state to secure the property rights of capital as cosmopolitan rights. Further, the existence of the social individual as owners of commodities means that 'the private interest within each nation divides itself into as many nations as it has "fully grown individuals"' (Marx, 1973, p. 159). These many nations within the national territory are concentrated in the form of the state in terms of the rule of law and its enforcement. The protection of the rights of private property guarantees equal exchange relations between the sellers and buyers of labour power and, through this guarantee, the bourgeois relations of exploitation.

The relation of the national state to capital appears as a relation of a nationally fixed state to a globally mobile capital. However, and as Clarke (1992, p. 136) puts it, 'although the state is constituted politically on a national basis, its class character is not defined in national terms, the capitalist law of property and contract transcending national legal systems, and world money transcending national currencies'. Nation states are not only in competition with each other, as each tries to divert the flow of money capital into its particular territory. They exist also as particular nodes within the global flow of capital. The nation state exists through the global relations of exploitation and is confined 'within limits imposed by the contradictory form of the accumulation of capital on a world scale' (ibid.). In other words, the concept of 'national wealth' makes no sense. Wealth is not created to 'enrich the state' or the 'nation'; nor is it the purpose of the state to produce wealth (cf. Marx, 1973, p. 108). Nevertheless, the notion of the 'national economy', of the 'national interest', is, of course, a powerful weapon with which to induce the domestic working class(es) to exert greater and

greater effort to sustain their employment. There is, as the contemporary notion of the competition state sees it, no doubt that 'if a capital is not allowed to get the greatest net revenue that the use of machinery will afford here, it will be carried abroad', leading to 'serious discouragement to the demand for labour' (Ricardo, [1821] 1995, p. 39).

The debate on globalization divides the history of capitalist development into two distinct phases. The phase before the onset of globalization is examined through the theoretical lenses of economic nationalism; and the phase of globalization through those of economic liberalism. For the globalizationists, globalization is a neo-liberal strategy that is directed against national regulative systems in favour of market self-regulation on a global scale. For Hirsch, globalization shows not only capital's inherent ability to overcome crises of productivity but, also, the 'ability of capital to transcend national borders in search of the most favourable conditions for direct economic gains, and the highest possible margin of profit' (Hirsch, 1997, p. 41). For Hirsch, the consequence of the globalization of capital is that the national state is no longer able to regulate 'its' economy in a comprehensive and coherent way. Its ability to do that has been hollowed out (cf. *ibid.*, p. 45). As a consequence, globalization has rendered impossible a politics in favour of improving the conditions of all citizens (Hirsch, 1995; Reich, 1991). The 'globalisation of capital' is thus seen to erode 'the capacity of an individual state to control its own economic future' and that 'boundaries between states have become blurred' and that the 'autonomy of the state has been limited' (Held, 1995, pp. 133, 135). It seems that globalization is perceived as a force that undermines 'national Keynesianism', and therewith a politics of full employment and comprehensive welfare provisions. Was a Keynesian policy of full employment and welfare really the central priority of the national state before capital globalized itself? Might there not be a good case for arguing that the proponents of globalization create an image of the past that never was true in practice in order to draw a sharp contrast to what they perceive as a new form of capitalist development, that is globalization? The debate on globalization is founded on an analytical perspective that sets out to generalize empirical data in abstract theoretical terms. Might this not imply that the debate confuses the ideological projections of capital with reality? Of course, some proponents of globalization recognize the 'social injustice' that globalization causes. Hence the call for a democratic renewal at the national and international level. Yet, this recognition does not have any significance for the analysis of globalization. Globalization is treated as if it is an objectively unfolding

development and it is examined according to impartial scientific principles as if impartiality towards the reified world of capital holds the key to understanding its social constitution. Impartiality does not amount to objectivity. It amounts, instead, to a value-judgement that espouses the disenchanting and perverted world of capital as if it were a law unto itself. In short, the 'life-world' of the social individual is derived from the apparently impartial developmental logic of capital. Against this view, this chapter has argued that the world of capital finds its rational explanation in human practice and in the comprehension of this practice (cf. Marx, 1975, p. 5).

The proponents of globalization argue that globalization stands for the end of a capitalist history defined by cohesive national economies – or national capitalisms (cf. Hirsch, 1989). The notion of the national economy is based on misleading premises. First, it is premised on the idea that capitalist exploitation of labour within a nationally organized space is, as implied by the use of the metaphor of the one national boat, based on some sort of national harmony of interest: the national interest. The claim that the national relations of exploitation constituted a national harmony should be dismissed as, at best, nonsense or, at worst, deceitful publicity. It is, of course, true that conservative-idealist solutions to the labour question focus not just on the state as an institution that polices the law abiding conduct between equals on the labour market. The state is also endorsed as an institution that is capable of discharging ethical and moral functions with a view to generating social consensus so that the dependent masses accept their natural position in society. Why the proponents of globalization portray the state of the pre-globalization era through Burkean lenses cannot be discussed here. Second, the notion of the national economy is premised on the idea that the limits to national harmony, to national wealth, are *not* constituted in and through capital's dependence on labour. Rather, 'national wealth' is seen to be limited by external forces which disrupt the integrity of national economies. Thus, 'disharmony' is merely imported from the outside. In his critique of Carey's economic nationalist ideas, Marx argues forcefully that 'these world-market disharmonies are merely the ultimate adequate expressions of the disharmonies which have become fixed as abstract relations within the economic categories, or which have a local existence on the smallest scale' (Marx, 1973, p. 887). In other words, global disharmony exists in and through domestic relations and vice versa. Capitalist relations of exploitation do not exist in terms of two sets of relations, that is as relations of domestic harmony and, distinct from these, as relations of

global disharmony. As the quote from Marx makes clear, the 'world-market form' is the mode of existence of domestic relations, and conversely, domestic relations subsist in and through the form of the world market.

The international relations between states are not merely those of economic interdependence but subsist in and through the social relations that 'constitute states as moments of the global composition of class relations' (Burnham, 1994, p. 29). National states, then, compete with each other to secure a favourable position in the global hierarchy of prices (Burnham, 1990). However, this competition, couched in terms of the national interest, presupposes the containment of the 'domestic working classes' and their decomposition into productive human factors of production in all national states. Against this background, the role and function of the bourgeois state has been, since its inception, to guarantee and protect bourgeois rights of property. Economic liberals, since Adam Smith, have argued that the state is indispensable for the provision of the exact administration of justice to resolve clashes of interest, the protection of property, the military defence of its territory, the provision of public goods that are essential for, but cannot be provided by the market, and for facilitating relations of equality and freedom, including the 'encouragement' of competition and therewith of conditions of so-called market self-regulation.¹⁵ In the light of this list of state functions, which one of these has been made redundant, or forced into retreat, by so-called globalization? Of course, the proponents of globalization emphasize the transformation of the state into a 'hyper-liberal' state and some call for corrective measures to rectify the asymmetry between national democratic systems and capital's global power in order to reassert liberal democratic values and ensure social justice. Whatever the civilizing effect that such democratic renewals might be able to generate, it would have to guarantee the property rights of capital. This guarantee is the historical justification of liberal democracy. Indeed, none of the proponents of globalization argues otherwise. The proposals, then, for democratic renewal seek to make the world a better world without touching the relations of exploitation. This humanizing effort is confronted by the paradox that humanization presupposes inhuman conditions. Can humanization really succeed without concern for the conditions that render humanization necessary?

In conclusion, Cox's (1992, p. 27) view that the state is 'accountable to a *nebuleuse* personified as the global economy', needs to be demystified as a fetishism. The state is not accountable to capital. It is a capitalist state. Further, it makes no sense, as Holloway (1995) argues,

to see capital as a thing that can be owned, exchanged, moved from one place to another, applied in that industry or in another, transformed into money and moved from one country to another. The notion of capital as a 'thing' and of the state as an 'actor' that is accountable to this 'thing', leads to nowhere except to the endorsement of invisible principles as the most refined criteria of truth. The attempt to find 'truth' in the invisible and invincible resists an understanding of our social world as a world made by humans and a world dependent upon human transformative power – however perverted or enlightened this power might be. Cox's notion, then, of the global economy as a *nebuleuse* reinforces the fetishism of capital. Yet, it goes a long way towards what this chapter has argued.

Notes

1. See Held *et al.* (1999) for an introductory account on globalization.
2. See Hirst and Thompson (1996); Boyer and Drache (1996); and Ruigrok and van Tulder (1995).
3. The notion that globalization has limited the autonomy of the state presupposes the relative autonomy of the state *vis-à-vis* the economic. For a critique of such views see Clarke (1991), Holloway and Picciotto (1978) and Bonefeld (1992).
4. On this see also Reichelt's contribution to this volume.
5. This does not mean that other issues need not be raised in relation to globalization. For example, globalization orthodoxy argues on the basis of unsubstantiated and empirically suspect premises concerning the political economy of the post-war world. The claim that globalization entails a new form of capitalism is supported by the creation of an image of the past that never was. On this see Bellofiore (1997) and Bonefeld (1997). The ideological function of such imagery will not be discussed here; see Agnoli's chapter in this volume.
6. The chapter does not analyse the crisis-ridden development of capitalist accumulation during the 'period' of so-called globalization. On this see: Bonefeld and Holloway (1996).
7. The English-language version differs from the original German version: The world market '[bildet] überhaupt die Basis und Lebensatmosphäre der kapitalistischen Produktionsweise' (Marx, 1979, p. 120). The English-language version refers merely to 'production', rather than 'mode of production' (*Produktionsweise*), so expelling the totalizing character of the argument. *Lebensatmosphäre* is translated as 'vital element'. Again, the totalizing character is expelled inasmuch as the world market is perceived as an element, however vital, among others. *Lebensatmosphäre* should be understood in terms of atmosphere and space, a space that is enchanted, alive, and all-penetrating. In sum, *Lebensatmosphäre* would best be translated as 'acquiring a livelihood'.

08. In Ricardo, the notion of a comparative advantage is developed on the basis of a comparison between Britain and Portugal regarding the production of wine and cloth. In both, Portugal is said to have an advantage over Britain. However, were Portugal to invest its productive energies into the production of wine alone, Britain would gain advantage in cloth production over Portugal. Both countries would benefit through the exploitation of their mutual advantage.
09. In English, 'determination' has an all too dogmatist ring. This connotation is missing in the German version of determination: *Bestimmung*. This word is closest to the English 'illumination', that is something 'which bathes all the other colours and modifies their particularity' (Marx, 1973, p. 107). As such, 'determination' does mean 'definition'. Rather to determine means to negate. The term connotes thus the negation of a particular instance as a thing in itself and seeks to understand particular instances as distinct moments of a unity, a unity established by the social relations of production. In this way, all phenomena are treated as distinct moments of the social relations of production.
10. On this see the CSE-debate on the form of the state, published in Clarke (1991).
11. On Marx's critique of fetishism see Backhaus (1997) and Holloway (1992).
12. On Marx's theory of crisis see Bell and Cleaver (1982) and Clarke (1994).
13. In the German edition of *Capital*, Marx talks of money as a *begriffslose* form. In the English edition of *Capital*, *begriffslos* is translated as 'meaningless'. This translation is misleading. I use the term 'meaningless' from here on in terms of 'losing its grip' and hence as 'deprived of meaning'. This use is much closer to the German term *begriffslos*. On Marx's treatment of money see Bonefeld (1996) and Neary and Taylor (1998).
14. On this see, for example, Bonefeld and Holloway (1996).
15. This list of state functions draws on Skinner's introduction to Adam Smith, *The Wealth of Nations*, Penguin, various editions. See also Clarke (1992) for a critique of approaches that periodize the 'state form' according to specific functions accrued by the state. Clarke shows forcefully that the bourgeois state, whatever its historical form, is fundamentally a liberal-bourgeois state. Agnoli (1997) has offered a similar assessment of fascism and Holloway (1996) has done the same in relation to the so-called Keynesian state.

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Part II

'New' Social Theory and Methodology: Ideology and Critique

4

New Social Thought: Questions of Theory and Critique

Kosmas Psychopedis

Does a new theory for the social sciences exist? What, in any case, does exist is a demand for such a theory, and it will be necessary to investigate the reasons why many parties urgently raise it. One reason is the explanatory failure of the structuralist theories of social action, but also of the theories of social cohesion and continuity. It has become apparent that the structures those theories refer to did not explain anything; they merely concealed the nature of societies as places where power, injustice and exploitation is perpetuated.

The 'new' theory that critically countered structuralism adopted uncertainty, deconstruction etc. as forms of emancipation from the omnipotence and the binding nature of structures, and was consequently led to relativism and the undermining of its own discourse's coherence. The theory's crisis, when placed between structuralism and relativism, compels us to reflect on the subject matter of the social sciences. Concepts such as 'dialectics' and 'materialism' that have been held in contempt by the 'new' epistemologists (structuralists or relativists), come to the fore once more and need to be re-appraised. The theory of value that was discussed throughout the twentieth century as a theory of the economy (value, labour) comes back as a theory of the human values attacked by the competitive form of social relations. The concept of uncertainty returns today on a new basis: It indicates that all structural systems constituted on the basis of coercive and exploitative relations are unstable; their tendencies and their structural operation have not been definitely defined; they are reversible.

The theory of value, placed today in the centre of the new critical theory, allows the critical re-examination of the questions of *explaining* social phenomena and *translating* between different 'discourses' within the social sciences. It leads to the question of an exposition of the concepts of social sciences that will not conceal, but clarify and evaluate

the conditions of social life, the human values these conditions cancel or promote, and the rules that regulate social life and communication.

1. The claim for a new theoretical thinking, that could critically counter the new state of humanity, is presented as both utopian and necessary

Today, it is necessary to reflect on the changes taking place in thought itself in the context of a changing world. The structure of the world of capitalist enterprises and markets is changing; the economy, technology and communication are changing, and these developments are described with terms such as globalization, flexibility, relativization of normative frameworks, new constitutions and so on. Themes such as the dissolution of structures and individualism become a focal point in contemporary debates. Related epistemological frameworks refer to 'deconstruction', 'deregulation', the lifting of normativities and restoring equilibria through coercive negotiations. Theory considers the selection of one kind of normative framework ('rights') and its juxtaposition to others as a legitimate move without, though, accounting for the criteria of its choice. It releases itself from the responsibility to detect which values are destroyed when some others are promoted and imposed. All these theoretical moves display a 'new' thinking reflecting a 'new' world. Such thinking is allergic to the idea that theorems expressing responsibility and solidarity or critically questioning the 'natural' and 'given' character of individualism are introduced in epistemology. Those speaking of critical epistemologies that question the 'new' thinking will probably be characterized as utopian, metaphysical and dogmatic. However, it is not possible to do away with the question on the elements of a critical thought, that would not remain apologetic and that would not attempt to whitewash the existing relations of globalization/alienation/individualism but would attempt to conceive their transcendence. It may be argued that, such a reflection on the questioning/transcendence seems to constitute a condition for referring to the present historical and social relations and attempting their analysis.

2. The deadlocks of the contemporary theoretical thinking and of the attempts to criticize it, arise from the crisis of values that established the classical theory of society and politics

The antinomies of contemporary theoretical thinking can be seen as a result of the crisis of theory during the nineteenth and twentieth

centuries. It is actually the crisis of both bourgeois thought and its critique, which resulted from the inability to realize the 'society of the free and equal' (See Agnoli, in this volume) that theory was striving for. In the context of theory, this crisis was imprinted as a crisis of values: of the Enlightenment values that juxtaposed freedom and equality with a reality structured in an oppressive and dominating way, but also of the values of the dialectic theory and Marxism (solidarity, socialism) that opposed a historical reality structured on selfishness and exploitation.

The 'crisis of values' appeared in the context of theory as the inability to project and 'implement' them in reality due to the lack of 'schemes of implementation' that would impose them without negating them. Bourgeois political thought interpreted the inability to implement such values in historical relations as a result of the compulsory character that the process of such an implantation would take (for example, the imposition of a liberal system through political violence, Rousseau's 'forcer a être libre'). According to this reasoning, a value that is imposed becomes immediately disdained (thus both the Enlightenment and socialism should be denounced for the disguised claims for power they contain).

In reality, though, the process of 'implementing' a value is made up by steps leading to the lifting of its abstract character. During this process, it becomes clear which relation between social classes and groups is expressed by the promise and the attempt to impose each value. It also becomes evident who benefits from the separation of the value, on the one hand, and its compulsory imposition (implementation) on the other. Every actor faces the dilemma of sacrificing his privileged positions (property, money, influence) if he insists on remaining a member of a society of free and equals that takes this promise seriously. The implementation of the value implies the dissolution of alliances, conflict and the reproduction of cynicism on the one hand, and moralistic protest on the other. However, it also implies the detection of the materialistic element of social relations, the critique and the resistance to fetishized relations – an element that was not properly revealed by the Enlightenment and socialist theories of the nineteenth and twentieth centuries.

From the mid-nineteenth century Enlightenment and dialectic projects were replaced by historicist ones, each of which claimed its own normative absoluteness (individuality), thus rendering themselves normatively indifferent. These relativistic epistemologies are seen as the expression of the defeat of the nineteenth-century bourgeois revolutions. However, they actually constituted a victory of bourgeois spirit at the level of epistemology, in spite of its political defeat. They consolidated

irresponsibility as the exclusive right of any future epistemology. Furthermore, they allowed the transition from historicist totalities (the knowledge of a civilization) to positivism (the knowledge of neutral facts). During such moves, what is 'displayed' is the ability to construct social facts as distinct and positive orders to be collected by social sciences. However, this construction was identical to the repression of the social plans of life, of the hopes and demands for an autonomous arrangement of social relations – the relations that were cancelled so that the facts would acquire their distinct existence and particular form. Even though concealed, this repression of the normative context, which was destroyed in order to construct positive and calculable facts, was a key attitude of the previous century's dominant epistemology and it also represents a constituting element of the contemporary crisis of epistemological thought.

3. The crisis of contemporary social theory reflects the failure of previous attempts to establish theory on an individualistic and relativistic basis

Positivism did not simply develop from historicism. It also originated from the rival direction to historicism, that is the formalistic critique towards historicism we find in Max Weber. The formalistic epistemology invented a machine for producing facts starting with the individual 'rational' actor who chooses appropriate means for the realization of his aims. Any discussion on the historical social relations determining the aims and means of action, but also any criteria that would allow the practical evaluation of these aims, become banished from the area of epistemology. The Weberian axiological neutrality had a double aim: on the one hand to distance itself from the traditional 'values' adopted even by historicism (for example, the pre-bourgeois values of *Kaiserreich*). On the other hand, to distance itself from the new bindingness the Socialists were advocating when claiming that epistemology should be grounded on some ideas regarding the 'material rationality' of social systems.

Methodological individualism, however, never managed to dispense with the spectrum of 'society' altogether; it never managed to dispense with the historical relations that constitute presuppositions of individual action, and reproduce themselves in it without individual actors being aware of them.

Returning to 'grand' categories and a conception of the whole that becomes actualized 'behind' individual actions seemed inevitable. Especially during the twentieth century it was not possible to thematize wars and crises without the use of concepts such as totalities, systems, macro-aggregates. However, at the same time, social science should disengage itself from critical ideas like justice, social equality, and exploitation that crop up very easily in the context of macro-analysis.

The presence of 'society' behind individual action can be seen in the work of Carl Menger, the most significant representative of methodological individualism, and his theory of the 'unintended consequences of individual action'. Two main responses prevailed in dealing with the question of how such consequences should be approached. The first one can be traced back to Menger and Hayek, and according to it society behind individuals constitutes a 'spontaneous order' that is not rationally approachable. The second one originates from Weber's theory of ideal types and leads up to the functionalism we find in Parsons.

Despite its individualistic methodological Credo, the work of Weber displays a version of macro-analysis that appears as a sequence of 'correspondences' between types. The rational bureaucratic action 'corresponds' to the rational law, which in its turn 'corresponds' to the activity of the capitalist enterprise, which 'corresponds' eventually to the rationally oriented actions of individual actors. The framework of correspondences imprints the historical relations of the modern capitalist society without referring to them directly. Theory considers as binding the types constructed with axiological neutrality, not relations themselves. However, according to this construction the critique of social relations becomes impossible. The only possible critique remaining refers to the internal coherence of the types and the extent to which the empirical material fits them.

The idea of the 'corresponding' social macro-types is a forerunner of the post-Weberian functional analysis we find in Parsons. The corresponding types (the political, economic, social and so on) are here replaced by individual subsystems, the function of each is a presupposition for the function of the others. At the core of systemic analysis we do not encounter the individual any more, but society 'solving its own problems'. However, even here we can detect an element that characterized the Weberian rationale of correspondences and was later utilized by structuralism. The context of action is analysed in terms of a normatively neutral science. It is not possible to evaluate in a binding way either the aims of actors, or the aims of science.

4. The failure to establish a theory of social sciences for the modern era takes the form of structuralist epistemology and theory of knowledge

One of the most characteristic aspects of the social sciences' crisis during the twentieth century was manifested within structuralist methodologies. What is peculiar in these methodologies, is the repression of the processes through which the conditions of social life are constituted, but also of the human values affirmed/revoked through those conditions. Processes are replaced with arbitrary collections of data and behaviours forming wholes on the basis of models taken from mathematics and linguistics. Such collections of religious, economic etc. practices are appropriate for drawing parallels and establishing the extent to which they correspond to each other. Moves that may be necessary during the process of research, appear now as the core of the epistemological constitution of the subject matter. In this way, however, what is achieved is the opposite of what any critical methodology promises and claims; in other words, the possibility of showing that the structuring processes coincide with processes of exploitation, coercion and the negation of emancipation is precluded from the outset.

Structuralism, to a great extent, was based on the misunderstanding that any form of holistic anti-individualism at the level of methodology coincides with critical science. An example of such a misunderstanding is Bourdieu's theory. Bourdieu seems to believe that it is possible to formulate a sociological meta-science which incorporates theoretical assumptions of various epistemological origins summing up the major principles conditioning such knowledge (he refers, for example, to Marx, Durkheim, Weber and adopts concepts such as the 'division of labour' and 'class' as central macro-theoretical categories). The demand of reducing individual standpoints to structural characteristics (with the mediation of 'Habitus' and so on) leads him to a scientific model whose structure is taken from the natural sciences. In the context of this model, any element of evaluation, critique and action is banished from his construction labelled as 'subjectivist'. Thus, the attempt to identify individualism with positivism, and criticize it as such, ends up with the glorification of positivism now embedded in the very structural totality! Bourdieu thinks that it is, after all, possible to represent individual phenomena as realizations of a series of transformations of structures. The more successful this attempt is, the more it ensures that, in reality, the positivistic and fetishized form will spread to all strata of social life. A logical consequence of structuralist

thought is the rationale of 'articulation' that has been developed in the theories of Fordism, Post-Fordism and the Regulation Approach (on this see the volume edited by Bonefeld and Holloway, 1991).

A significant aspect of theory's crisis, not sufficiently explored, refers to the coupling of the theory of knowledge with scientism in the context of structuralism. As far as this point is concerned, Althusser's approach to the process of knowledge constitutes a characteristic case. Knowledge constitutes (a) the processing of raw material (experiences, ideological constructions) with the use of (b) theoretical tools (scientific abstractions), so as to (c) produce the 'concrete' outcomes of knowledge.

This 'work' model, which goes back to Spinoza's theory of knowledge, is an empiricist and scientific one. 'Opposite' to thought lies an essentially indefinable object, an obscure 'objective materiality', which supposedly becomes gradually known to the researcher. It is not recognized that this unknown thing is itself pre-eminently known; that it is indeed the cause of knowledge. This is what constitutes social materiality, including the contemporary alienating and dividing capitalist forms of life questioned and rejected by people. The process of knowledge coincides with pointing at the reasons for questioning; it does not invent *ex nihilo* social relations. The 'real' (Hegel's 'concrete', Spinoza's 'third form of knowledge') not only exists before research but also defines, as far as the form is concerned, its direction and results. The concrete is not only a result but also a condition of the scientific inquiry mediating it. The antinomic and exploitative relations of social communication and shared reference, the globalization of aggressive demands on each other's conditions of life. There is indeed a starting point (the starting point in a historical state of crisis) that forms the direction of scientific questions. It comprises the knowledge (consciousness) of antinomic and exploitative relations of social communication and shared reference, of the globalization of aggressive claims on each other's conditions of life. Consequently, the 'naive' surprise of social scientists for every 'new' thing they encounter is a hypocritical repulsion of the knowledge of these relations.

5. The contemporary theory (theory in crisis) reacted to the deadlocks of structuralism by accepting the indeterminacy of structures. However, it did not comprehend the reasons reproducing social relations of indeterminacy

One reaction to the deadlocks of the structural determination of the real was the introduction of indeterminacy as a natural state of the social

sciences' epistemology. Binding 'logics' were replaced by a conception of history grasped as a framework of contingencies where certain structures stabilize themselves momentarily. They were also replaced by a conception of the real conceived as the product of coincidental combinations of factors and as the point where the contingent and the incidental are activated. This school of thought, which can be characterized as the '*New Irresponsibility*', conceived the necessary transition from structuralism to indeterminacy as a constituting element of social relations. However, it did not pursue the inversion of this move, which is equally inscribed in the social, that is, showing that indetermination and instability result from the way social relations are constructed as unjust, exploitative and subject to domination.

Many contemporary epistemological trends, without abandoning the context of axiological neutrality and scientism, have made significant attempts to deal with the question of indeterminism and uncertainty from a methodological point of view. One mode of argumentation (Luhmann) deals with the question of indeterminacy as one of reducing the complexity of reality by retrospection to the 'relevant' criteria with which the real (values) is approximated. This problem leads these theories to a question they have not dealt with sufficiently. This question refers to the construction of a coherent discourse on values and the way the problem of the conditions of action is involved in this discourse. A second way of argumentation (Giddens) approaches the question of indeterminacy with reference to an enlightening/educational process adjusting the action in the context of uncontrolled and uncertain circumstances. The action under uncertain conditions is analysed in the context of the theory of the dual structure/structuration, according to which the structured properties of social systems are simultaneously means and outcomes of social actions. That is, here, the conditions of action are connected equally to the issue of the actor's aims and that of the social reproduction. However, it becomes evident that this connection takes place in the context of a theory referring primarily to the stances of individual actors and at the expense of the macro-theoretical approach of the reproduction of the social conditions of life.

This becomes evident when we examine Giddens' conception on the nature of structure. This is defined as something that does not exist in time and space, because time and space are properties characterizing the interaction of living human beings only. Giddens transfers Saussure's problematic on linguistic structures to that of social structures and argues that structures do not describe objective relations of interaction. They constitute genetic rules ('codes') and means of action activated

in every individual action. Following Wittgenstein, Giddens approaches rules as parts of practical consciousness occasionally allowing us to 'go further'. However, they can not be 'interpreted' on the basis of their integration and the meaning they acquire in a social context (relativism). In the place of a macro-theoretical context of reference an area of antagonism/conflict among actors is introduced. This refers to the interpretation and the transformation of rules. Here, actors use the means of power available to them with the aim of imposing their own interpretations of rules. Thus, in a quite typical manner methodological agnosticism is supplemented by a theory of antagonism ('agonistic'). The philosophical elements Giddens has borrowed from the Weberian tradition are obvious (for example, the state only 'exists' in the consciousness of actors as something towards which they orientate their action). In this way, however, it becomes evident that this line of argument fails to achieve its professed aim – not to be simply a theory of the individual resort to the conditions reproducing the means of action but also a theory of the reproduction of these conditions. Indeed, it fails because the conditions are merely described from the standpoint of the individual approach to them while the rest is seen as unknown conditions and unpredictable consequences. As a result, theorizing the pre-existing conditions and relations of action becomes impossible.

The question on the interrelation of experiences in various space-time contexts replaces the Hobbesian question on the establishment of order. Consequently, what becomes the link that binds together the lost unity is the individual that 'understands', 'grasps' and interprets conditions, possesses powers for acting and whose 'understanding' becomes the context where past and present take place. In the context of the 'new method' (articulationist logics), alternative models, methodological individualism, deconstruction and 'understanding' complement each other. Here, we witness the creation of the theoretical equivalent of the post-structuralist 'flexibility' of labour relations, and that of capital's 'new irresponsibility' towards labour in the globalized society.

6. In view of the crisis of the social sciences, which accompanied the crisis of societies up to the end of the twentieth century, it is important to re-examine their epistemological subject-matter

Against the structuralist and functionalist theoretical models working with 'correspondences' of structures and subsystems, we raise the question of the 'material' element that 'instantiates whether' these structures

correspond to each other or not. This material element of social life is formed historically in relation to the way this life is threatened or preserved in a theory shaped by social relations. In a sense, we shall have to talk about the 'values' (of life, freedom, autonomy), which, while being realized or cancelled, shape social relations and the terms of social life. These values emerge through the accomplishment or failure of the actors' aims in the context of historically crystallized conditions, that is, the historically specific accomplishments of other actors' aims and their institutionalization. Of course, the conditions of social life's reproduction may coexist interwoven in an unclear way. For example, they may relate to institutions referring to labour, power, property, ideology and so on. Furthermore, the materialization of a certain kind of aims related to one such condition may threaten the aims (values) of other actors. The aims related to the private appropriation of the social means of life, for example, may threaten other actors' aims of using them for sustaining their own life.

The conditions of social life's reproduction become hierarchically ordered in a world of competitive action where the attempt of some actors to establish their ownership on them threatens the survival of others. The latter's need for obtaining these conditions emerges as a value. Nowadays, social sciences' theory acknowledges that exploring the transformation of conditions into values is a move that belongs rightfully to its proper frame of action. The same applies to its further engagement with what was the 'main scandal' of the Weberian epistemology and refers to the *valuation of values* as a political question. 'Conditions, aims, values' and the political 'evaluation of values' constitute a given horizon. Beyond it, it does not seem possible to develop a frame of constructing social facts. Yet, these relations still remain to a large extent unclear.

As it has been shown, the present approach stands against positivism in historical sciences, the scientific theory of knowledge, the hermeneutic approach and the 'new' epistemologies of indeterminism. Against the scientific theory of knowledge (Althusser), we pointed out that the discourse of science that seeks knowledge should not use the 'new' against the 'old'. It should not pretend to know nothing about 'now' and want to 'learn' right now something about 'now'. It should not conceal the only knowledge established so far regarding the world, that is, its existing experience from the world and the knowledge of value/materiality that constitutes it and is constantly negated in it. I know what is pre-supposed for the constitution of a world where money and objects seem to rule social relations. I know that this world

is one of antagonism, atomism and non-solidarity. It is a non-collective, and a non-co-operative world. The fact that the world 'is as it is' allows the conditions of its reproduction to be constituted in the way they are constituted, that is, through dividing property rights, dependent labour and unemployment; through the arrangement of the relation between humans and nature in a way that leads to devastation and is beyond the control of actors.

One's knowledge of this fact is a result of humanity's previous experience, both scientific and practical. What one already knows is the experience pre-supposed for the creation of 'new' knowledge. It is actually the difference from the knowledge of conditions; it is the experience of their 'unjust' constitution. Without this experience the knowledge of conditions in their structuralist and functionalist arrangements would be ideology, false consciousness. However, this experience/knowledge can not be separated from the conditions of society's reproduction. It has to be mediated by them. The reason responsible for the existing constitution of conditions of social life's reproduction is the reason our experience takes the deficient form of a life of negated values.

Thus, the development of a frame of pre-supposed knowledge for epistemology coincides with the action that will mediate terms and values by changing and destroying the atomistic and alienated form of the conditions of social reproduction. The attempt to develop a frame of pre-supposed knowledge allows the understanding of the historicity of knowledge and its epistemological subject-matter.

History constitutes a field where continuity and coherence have been restored through injustice. The sequence of its events developed with the actors being powerless and exposed to antagonism and exploitation. However, the fact that things could have developed otherwise, is a 'value' that, in turn, risks to appear to us, as something absolute, meta-physical and totally coherent. If I abstract from the way the conditions of life are connected, this value does not emerge as an 'essence' to be realized, or a spontaneous order to be crystallized in the new worlds I shall find freely and independently. It rather appears in the form of acts of resistance towards the existing historical forms. I can then interpret/explain these forms with reference to resistance as the forming reason, the cause of the 'real's' formation and its mode of negation.

These points lead to the critique of the way the element of indeterminacy has been introduced in theory by the 'new' epistemology and by proponents of various approaches like Luhmann and Giddens. These theorists adopt the division between determinism and indeterminacy and against the dogmatism of determinism they embrace the

'freedom' of indeterminacy. However, indeterminacy may be identified with freedom only when it cancels the coherence of conditions defined through relations of injustice, domination and exploitation. As far as the critique is concerned such relations remain always determined; they are always temporarily valid and under negation. The only binding elements prove to be those of the critique towards unjust, undignified and humiliating conditions of life and the action aiming to overthrow them.

These ideas involve a certain conception of dignity, which is introduced in epistemology. 'Dignity opposes the definition' (Holloway, 1998, p. 168) to the extent the latter is identified with the insistence on the unjust constitution of the social conditions that confine us.

7. In the course of reassessing the epistemological subject-matter of the social sciences we have to re-examine the range of a theory of dialectic materialism

The task of developing a reliable delineation for the concepts of a theory of dialectic materialism is still pending today. The same applies to the range of its claim to be a framework of critical grounding for the social sciences. Most theorists, when referring to the dialectic method, usually mean the grasping of society as a totality, the synthesis and unity of the antitheses within it etc. By materialism they usually mean an objectivity existing outside consciousness etc. However, the significance of the Marxian programme to connect these two lines of thought in the context of a theory of value has not yet been sufficiently appraised.

The concept of the dialectic exposition of concepts included in the third Kantian critique (*Critique of Judgement*) and the Hegelian 'logic of concepts', contrasts a concept of mechanism (necessity) with one of teleology conditioned by the idea of freedom. We may conceive society as a set of mechanical relations caused by the interaction of individual actors in the context of bourgeois society. According to Hegel, interaction is a category of the necessary, quasi-mechanical relation. Society is the machine that activates conditions so that they will reproduce its essential real structures (conditions, social objects, actions). However, this mechanism can be grasped as an abstraction, in so far as it can only function as a means for the realization of aims that supersede it, that is, freedom, equality, solidarity. This programme on the unity between mechanism and teleology is included in the dialectic of 'nature's intentions' (Kant) and the 'cunning of Reason' (Hegel).

The transition from mechanism to teleology in the above idealistic theories binds the mechanical relations with a value (freedom) realized through the system of competitive economy (liberal ideal).

Even in its Marxist version, the dialectic exposition of categories contrasts the standpoint of mechanism to that of teleology. This happens in a way, however, that still remains unclear. There is a 'mechanical' element in the concept of 'value' we find in the Critique of Political Economy. It refers to the amount of necessary labour that guarantees, during the process of exchange, the reproduction of society under relations of exploitation. This mechanical element of necessary labour is mediated and mobilized by money. It is 'capital', that is a system of abstract labour establishing the forms through which reproduction takes place. In a Hegelian sense, the development of the forms of abstract labour may be represented as their teleology. The aims of individual capitalists are subjected to – individual non-conscious – 'aims' referring to the valorization of capital in the context of society as a whole. They are subjected to the aim of value as 'essence' (*Substanz*) which becomes transformed to a social subject mobilizing its own self and for which money and commodity are simply alternate forms.

This teleology on the development of forms is part of a teleology of forms that moves in a way demonstrated by the Hegelian dialectic of the 'Logic', 'The Philosophy of Right' and so on. However, in Marx's work we also find a reconstructed teleology of the content, of materiality, which contains the secret of the movement of formal teleology. The concept of materiality results through abstracting from the form of capitalist relations and from the aims of capital. Underneath the forms lies the content, behind the 'value' and the magnitude of value exists human labour and human time dedicated to the reproduction of social life. However, what 'is' this 'hidden' content of value? Marx formulates this question as follows: why does this content take this form, why does labour expose itself (*darstellt*) to value and why does the measure of labour, its time of duration, expose itself to the value-magnitude of the labour product? This question reveals something about the nature of the material content, even Marx himself did not attempt to clarify. The content should not be identified with the transhistorical labour forces that take their specific form in our time. The content is what is revealed as a content of the form/value through the stages of the methodical exposition (*darstellt*). It should not be identified with the opposite of form/value, in other words, the non-axiological that renders value as its form.

The content has an axiological nature itself, and when de-valued it allows the constitution of the value/form of political economy. Analyses on Marxism are mistaken when they present it in an ahistoric way as social labour in general. This content is rather constituted as the concept of social labour for which it is demanded that it should not be affected by atomization and also that its co-operative nature should not be cancelled while its collective character should be established. This concept of social labour should be open to the emancipation from the fetishism of the form. In its context it should be possible to restore 'transparent – reasonable relations' and the arrangement (*Gestalt*) of the process of production should be open to being placed under conscious and designed control as the product of freely socialized human beings. All these demands (values) are part of the concept of materiality. Indeed, without this axiological basis for the materialistic theory (without the hidden teleology that was not clearly developed by Marx) the constitution of the contemporary historical – real as a 'value', in the sense of the Critique of Political Economy, would be meaningless. Our reading and interpretation of the reference on forms we find in *Capital* is directed and informed by this context: it 'is written on the face' of forms that they belong to a formation in the context of which the process of production dominates Man and 'as yet he does not' (*noch nicht*, not yet) dominate it. The teleological judgement of 'not yet' is jointly formulated with the descriptive one that grasps labour as abstract social labour. It is a result of the contradiction within the condition of life (social/private). The cancellation of this contradiction constitutes a historical demand and pre-supposes a 'series of material conditions of existence'.

8. Contemporary social theory must be constituted as a theory of value and direct itself towards the analysis of conditions, values and norms and the transitions between them

The arguments developed so far point out that it is necessary to approach social relations in the context of a labour theory of value developed with reference to the relation of conditions, social values and norms. This approach results from our critical analysis of the Marxian approach to the theory of value. It encompasses a synthetic exposition of the concepts referring to the conditions of social reproduction (labour, exchange, money, capital), and it leads to a theory of capitalism. Our own approach argues that if the theory of capitalism is

to get rid of its latent positivistic implications it will have to re-establish the 'content' of social relations by revealing its value characteristics. In fact, formulating the economic theory of value in a non-positivistic way (in the context of the Critique of Political Economy) pre-supposes a critical theory of human values.

On the other hand, the search for a theory of the conditions of social reproduction refers to more loose arrangements of conditions than those of the conditions of reproduction (conceptual and historical) we find in a political-economic arrangement of concepts in the Marxian critique of the political economy. A theory of the conditions contains an element of contingency since it may refer to economic, political, legal, cultural, etc. conditions of social life's reproduction. Its rationale has similarities to Hegelian logics. It grasps the category of necessity as a relation of conditions, as a reality reproduced through them and through reproductive action. Furthermore, it associates this necessity with the 'conceptual' logic of teleology and freedom (value logic). In that sense, starting with conditions may coincide with a start from the ideological. However, starting in this way is necessary in order to reveal the multiplicity of conditions of social life's reproduction and their arrangement. Clarifying the position of every condition in a totality of social relations coincides with the transition from conditions to values and the evaluation of each condition's significance for others in the context of this totality. The very critique of political economy constitutes a reliable explanation of the relation between the conditions of social life. It points out, critically, at the negation of the values of collectivity (in the context of atomization), autonomy, communication etc. in the context of contemporary world. The very reproduction of social life constitutes a value that may be affected by the anarchic dynamics of the capitalist process. At the same time, the social forms damaging social values (property damages collectivity) are themselves conditions of social reproduction (without property rights and money labour can not meet the raw material needed for the production and reproduction of society).

Certain subjective or latent conditions of the process of society's reproduction may be activated during this process or become conscious to actors when harmed by the existing social relations. The labour force, for example, is harmed by overexploitation, the environment is damaged by capitalist relations of production and thus the members of society realize the need for regulations protecting labour, the environment and so on and guaranteeing survival. The endangered conditions lead to the emergence of values that take the form of political action resulting

in regulations (norms). These regulations may constitute conditions of social life's reproduction for the next historical phase. These relations continuously impose on us the dual viewpoint of the cancelled, not functionally integrated, conditions of reproduction that affect social values or move to new ones guaranteeing those harmed. A certain value may prove to be the pre-eminent condition of survival. Democracy, for example, ('the free press') constitutes a condition for the prompt provision of information regarding the damages and risks of nuclear power stations (democracy is necessary for the aversion of nuclear death).

We have observed that the dialectic of conditions and values may be expressed and temporarily result in an institutionalization/regulation that takes the form of transition from value to rule. Capitalist property constitutes a formal term of social life, which, none the less, harms this life by leading to exploitation. The value of life is preserved through the norm (legislation on the working day). But this norm in its turn, is threatened continuously by the aggressive forces of capitalism. One of the most fundamental questions of contemporary social sciences refers to the understanding of normativity as a functional/axiological term of social life. The classical idealistic theory provides significant propositions on the relation between value and norm. Such questions are those raised by Kant in relation to the 'implementation' of practical reason (morality) in the context of law (legality). The same applies to the questions we find in Hegel's work regarding the law as a 'means' and a 'measure' mediating the social. On the other hand, in the context of Marxism the question of locating the right norms of action in existing contradictory capitalist societies was not raised with clarity due to theory's haste in pursuing the opposite direction, that is the negation of the existing relations of de-valuation and the establishment of a new value consisting in new relations that transcend totally the existing ones.

The theory of the twenty-first century can only be a theory that focuses on norms. This is already evident in forms of *crisis* of social theory. In the context of normative theories such as those developed by Rawls and Habermas the question of rules is constituted in an irrational way since, under the pretext of the 'rational' grounding, its connection with a reflection on the conditions of social reproduction and social values is broken.

9. A theory of the conditions of social life proves to be unstable and contradictory

The above observations allow the establishment of what we have already claimed – a structural model embodying sequences of conditions

in arbitrary arrangements is unstable and can not be examined rationally. The social formations resulting allegedly from the correlation of conditions maintain the contradictory character of the elements composing them and do not reveal (with the exemption of external analogies and parallels) the internal mode of these external elements' articulation (for example, in capitalism are articulated the elements of money, property, power, technology, labour and so on). Structuralist models repeat the commonsensical – when we refer to the conditions of social reproduction we refer to historically typical sets of economic, technical, political, organizational conditions (such as administration and defence). Marx linked the conditions related to the contemporary mode of organization of social life in an arrangement that constituted the particular capitalist mode of production. Today, many theorists (for example, Giddens) attempt to deconstruct this particular arrangement by breaking it down to separate dimensions such as industrialism, capitalism, nation or military violence.

However, both the proponents of structural associations and those of deconstruction have not clarified the nature of the mechanisms shaping social phenomena during their constitution and interaction. These mechanisms are economic and political, transnational and national. They guarantee the continuity and intensification of economic exploitation and the domination of classes by other classes and that of societies by other societies on a global scale. Our only way to understand them is the enquiry into the values they negate but also the values they realize (reproduction, initiative, communication). Negated values are those that could preserve human life through the redistribution of economic resources and intentional action, and that could guarantee health, clean environment, participation, dignity. Only recourse to this normative nexus and the modes of its negation, renders the theoretical reconstruction of political-economic aggregates and of the political institutions and forms of action meaningful; without it it becomes irrational.

However, insisting on the conditions and the examination of the context of values raised and negated by the historical development of their correlation is a necessary process for the social sciences. These disciplines require a broad programme of transitions between conditions, values and norms. They can not be confined to partly developed types of relations, or types possessing 'essential' characteristics only (for example, capital, economic exploitation, 'value' of social labour). The reason for that is that only the development of such types beyond their essential characteristics allows the emergence of pre-conditions not included in their initial forms (for example, the implications of environmental deterioration for political economy). Furthermore, it allows to escape

the risk that the model will relapse to positivism. What arises here, is the question of the dialectic exposition of value as a 'form' of the content 'labour'.

The analysis of conditions allows the study of inversions of the classical political-economic ordering of conditions, but also of the classical-philosophical hierarchy of values. For example, a free political system (democracy) is not considered today along the Hobessian model, that is as an impediment to survival, but as a condition for survival. Such inverted orderings oppose also many Marxist orderings which treats normativity (freedom, equality) exclusively as a condition of exploitation, without considering the issue of normativity as a condition for human dignity.

The analytical category 'condition' (*Bedingung*) has a Hegelian origin. Our observations so far indicate that albeit it is not appropriate for the construction of a structural framework of analysis, it is, none the less, necessary as the starting point for pointing out the values 'explaining' the existence and the correlation of the historical form of social life.

In order to achieve the stability of a system of conditions it is necessary to grasp the teleologies (the systems of aims) these conditions presuppose. Understanding such teleologies constitutes an impossible task according to neo-liberal theorists like Hayek. However, it is a necessary and much-awaited task and, indeed, it constitutes the rational task for a modern theory of the social sciences par excellence.

Finally, the interconnection of conditions compels us to approach the content of society, as the product of abstract social labour and simultaneously the result of private appropriation of the product of the collective social activity. Such an approach may help us to interpret the paradoxes linked with the issue of indeterminacy we find in social scientists such as Arrow, Downs and Hirschman (see point 14).

In the context of modern societies actors may attempt to secure a condition of social life collectively (for example, defence). However, according to their individual interest, they may also move freely from a state of collective settlement of conditions for dealing with social problems to one where they separate themselves from other actors and attempt to deal with the social problems individually (for example, by choosing between public and private health- or school-programmes). Each time, the nature of conditions in the public/private scale changes according to the opportunistic behaviour of the actors.

Yet, this opportunism (and its 'paradoxes') refers us to the problem of materiality of contemporary historical societies and can be 'explained' with reference to it (for explanation see point 13).

10. The social theory that will respond to the questions of the modern world will have to overcome the antinomies of the philosophical theory of values

As far as we can tell today, the social theory that arrives will develop as a result of a huge collective effort aiming at the redefinition of human values, their hierarchical ordering, the understanding of the processes through which they evolve to norms of 'implementing values' and the critique of the fetishized forms in which they appear. The twentieth century was the century of the rejection of values; it was the century during which they were rendered irrational (Max Weber). However, there were quite a few attempts to raise the question on values and acknowledge its scope for the grounding of the social sciences. Such attempts were made by dogmatic Marxism, but also by the positivist camp of the Vienna circle and the irrational theorists of the 'material ethics of the values' of the inter-war period.

The first approach was imprinted in the political ethics of the Soviet state, the second comes mainly from Victor Kraft and the last one from Max Scheler. Most important, in our context, is Scheler's work. He sought to establish a theory of values in terms of a theory of materiality. This theory was to argue that the values which arise from the analysis were to be *a priori* ones; they were to be independent of empirical aims and means. Furthermore, these values will result from emotional intuition and not any rational process. Scheler's model is a neo-romantic one and, from a political point of view, it is included in the models produced by the anti-democratic thought of the early twentieth century.

So far, I have argued for the need to ground a materialistic theory of values with reference to the conditions of social life endangered by society's current form. This demand is thought to invert/destroy Scheler's argument on values and at the same time to raise some methodological questions I consider important such as the question of the hierarchical ordering of values. Scheler's hierarchical order includes four levels (moving from lower to higher values):

1. values of the pleasant/unpleasant (feelings, senses);
2. values of the feelings of life, such as those of health vs. exhaustion, illness, old age;
3. spiritual values [aesthetic ones, values of justice, values of knowledge (the truth, though, does not constitute a value)];
4. religious values.

Scheler's construction 'grounds' values by moving from the 'higher' towards the 'lower' ones (in the sense that, when the higher value is in danger the lower one will be 'sacrificed' on its behalf). The whole hierarchical order is 'borrowed' from an idealistic model of theory of knowledge that refers to intellectual-practical 'powers' such as sense, representation, intellect, reason, will, ideas (theoretical, practical).

The conception of a materialistic theory of values we juxtapose to the Schelerian *a priori*, relocates the issue of the 'values' sacrifice' to the realm of historical reality. Social relations in modern capitalist societies are reproduced by affecting and destroying the relations of justice, the life and health of actors and by cancelling chances of education and dignity itself. In contrast to the Schelerian model, we consider values as pre-conditions for the realization of other values, not as a system of competitive levels.

The relations of freedom, justice, knowledge and aesthetic maturity of actors even the things they consider 'sacred', constitute pre-conditions for their action. They constitute conditions of the arrangements they will attempt in order to protect their life, their health and all their fundamental values from the threats imposed by the very capitalist form of social relations, by war, environmental disaster, nuclear destruction, enslavement and exploitation. Today, we can not argue like Hobbes that the value of life is 'higher' than freedom, democracy etc., since we realize that democracy is a pre-condition for life (for example by contributing to avoid environmental catastrophes or nuclear accidents).

The hierarchical ordering of conditions/values constitutes a political question that enters the reasoning of the social sciences. The point where politics coincide with values, is their defetishization and elevation to forms of life that need to be protected, enriched and escape further destruction. ('Fetishization' of values is also the one-sided appeal to them by one power against the others, in the same way the demand for the protection of 'rights' is raised selectively.)

11. The main task of social science is the critical examination and practical overcoming of the antinomies arising during the implementation of the axiological in the real

'What is the real?' contemporary social scientists will ask. Hegel believed that it was constituted by internal substances and their epiphenomena, forces and their manifestations, totalities and their parts. Marx traced behind this *Realmetaphysik* capital's self-institutionalization which

today leads the processes of privatization to global expansion. The real is the economies, policies, societies and cultures. It is the globalized enterprises, the mechanisms of money and credit, the technological systems in their continuously changing relation to the natural and social environment. Reality consists of: the institutions and policies whose intervention or non-intervention allows these mechanisms to function; the nations in their incorporations, rallies and limitations; the belief systems, religions and ideologies; the military systems controlled by superpowers, especially by the one superpower, and so on.

All these, however, should be linked in a way that precludes the external articulation advocated by structuralists and functionalists. This connection will have to turn to the element that constitutes historical social reality as such – the values destroyed in order for the present forms of economy, politics, society and culture to prevail. If our starting point was an ontology of values the model of social science we put forward would be a Platonic one. We could define a set of unconditionally valid values/virtues, such as those of justice or wisdom, and then reflect on the antinomies of the implementation of the axiological dimension of reality or, in other words, on the mediation of values by reality. In the context of contemporary theory, however, determining what values are is open to question and their nature can not be identified with some *a priori* valid entities of a heavenly world. Values arise when the conditions of life are under threat or become problematic, and similarly they are defined in relation to the conditions of life and their social forms.

The conditions of life refer to the preservation of life and health themselves, to creativity, communication, friendship, love. They refer to the power of people in giving meaning to their actions, using and inventing symbols, living in non-violent societies, contributing to the definition of collective goals. The particular tension through which these conditions subsist transforms them into the values for which actors struggle in societies of power, threat, exploitation.

The real then takes the form of cancellation of values. It becomes the negation of life and health by taking the form of conditions where food, water, or clean air are not available, the environment is destroyed and health becomes commercialized (human organs trade and so on). It becomes non-freedom and non-health, namely wars and enslavement. It becomes the negation of love, when women, young men and children turn to prostitution. 'Instead of' free meaning-giving it becomes religion, fanaticism, 'philosophy'. It becomes cancelled as communication and education and takes alienated forms with the reproduction of

dogmatic 'knowledge' or the misinformation of the educational systems and the mass media. *Vergegenständlichung* becomes *Entgegenständlichung*.

It is not possible to locate a state of moderation that would allow values to 'be implemented' in the real as Kant would argue. Kant appealed for a 'legality' whose general form would correspond to 'morality'. This loss of a state of moderation (the loss of the moderation and the mediation that permeates Hegelian logic) is typical of modernity. Marx, on the other hand, did not show any interest for a theory of 'moderation' that is for the way theory's values (solidarity, co-operation, freedom) could be implemented in the context of bourgeois society. Something like that would be identical to reformism; the only possibility to claim the real would imply that it has to be overthrown radically (socialism).

Contemporary theory, however, has to raise again the question of the way values are implemented in the historical-real (not though in its ideal form, which pre-supposes the latter's complete negation) and at the same time avoid reformism. A substantial part of contemporary theory will have to be the theory of the antinomies of this implementation; a theory of the negation of moderation and, at the same time, its necessity. This theory will have to consider ways of avoiding relativism. This is essential to the extent that it rejects customary hierarchical categorizations of values and deals with webs of values focusing on the question of indeterminacy regarding the ways and itineraries they link to each other. The outcome of these essentially historical and practical processes refers to the systems of norms people will establish in order to regulate social life with justice and dignity.

12. The new social theory can not abolish the concepts of injustice and exploitation; however, it has to reconstruct them, thus contributing to the negation of the relations they indicate

If a condition (or a force constituting a connection of conditions) develops towards the direction of illuminating the values whose emergence it impedes, we can say that justice is done to this condition (the condition is vindicated). Otherwise, insisting on the positivity of this condition becomes unjustified (in the relation with the object, for example, as expressed in the context of ownership). Here, the positivity of the condition is defended persistently against third parties without the acceptance of responsibility for the deficiency caused to them. Thus, injustice emerges through the fetishism of conditions and the irresponsibility prevailing in the way their exposition is lined-up (irresponsibility within the 'real').

The form of justice which is rival to existing injustice consists in the possibility for humanity to: (a) abandon this persistent stand, starting with the recognition that 'this thing is not mine' and with the withdrawal of ownership-claims towards social wealth and the products of collective labour; and (b) the action aiming at restoring responsibility in society and its relations with the natural environment. This action may include the redistribution of resources (of the conditions of life), so that the values of life, health, autonomy and creativity can be safeguarded. Injustice occurs when this redistribution is not achieved and the conditions of life remain in their fetishized arrangement and atomistic connections. And, as it was mentioned earlier, this form of connection and 'definition' represent indignity.

However, we shall have to refer to exploitation as well, even if the theorists of the 'new' and the critics of essentialism don't particularly like this. This term may be reconstructed on the basis of the values created and threatened by the social relations within which we live.

For Marx, exploitation could be located at the level of the mechanisms constructed by macro-aggregates, such as the constant capital, the variable capital and the surplus-value, that embody social labour. He calculated the tendency of the rate of exploitation on the basis of the relation between those aggregates. If we consider, in Hegelian terms, this relation as necessity we have to think of an activity (*Tätigkeit*) that mobilizes the available conditions of reproduction (*Bedingung*) and reproduces reality in the form of an object (*Sache*). However, the nature of the object is a normative one. It is freedom, in the same way the conditions of reproduction will/should be revealed as the free condition of a free action.

It may be argued that, this transition towards freedom is the most difficult one. The only way we can consider it today is by starting with the negation of freedom – exploitation. Exploitation is the lack of means for one's own subsistence (and thus, life itself is constructed as a value in so far as the social form threatens it). The means of subsistence are owned by somebody else (negation of autonomy, dependency, heteronomy) who exchanges them and by doing this he acquires a claim on the activity that reproduces social reality (reality is constructed in an alienated form as non-autonomy and non-value).

As a result of this process it becomes impossible for agents to control the course and outcomes of their action (negation of the value of the control over them). The agents are not in a position to decide themselves what they shall offer to others without getting anything in exchange. This being perhaps the highest of values, takes the form of the highest de-valuation, that is surplus-value. In so far as one would

wish to dedicate or offer oneself to somebody or something, the alienated form of surplus-value expresses releasing one's own right to be subjected to such a legitimate 'exploitation'; it leads to surrendering oneself and one's activity to be utilized by somebody who is alien to oneself (to an owner of money and capital).

However, in order for exploitation to exist, homogeneity of aggregates is pre-supposed. The condition, the activity and the object have to be recognized as/coincide with value. In the concept of value, labour is thought as homogeneous with fetishized and crystallized action but also as freedom, as its negation. Labour is thought of, as means of reproduction of social relation but also as the resistance to it – its obstruction.

The negation of exploitation would then be the negation of homogeneity; without though implying the negation of one's ability and responsibility to recognize and compare values and act consciously in the context of axiologically constituted worlds.

13. The explanation of social action too, will have to resort to a theory of the social conditions and social values

Contemporary debates on the method of the social sciences and the logic of explanation of historical and social actions constitute manifestations of the crisis of the social sciences and the attempts to ground them on the basis of scientism, structuralism or hermeneutics (nomological – inductive forms of explanation are juxtaposed to forms of explanation based on 'understanding' [*Verstehen*]). Even in the context of 'Marxist' explanatory systems, explanation consists in a move from the 'necessary' (structures, stable class relations, policies etc.) towards the element it determines (ideological, normative, teleological etc.). This form of 'explanation' takes no account of the fact that: (a) the supposedly stable structural relations themselves result from practices of exploitation, domination, injustice; and (b) in order to construct its explanatory argument, any explanation of social action referring to the effects of these structures on action must refer to the values of a non-exploitative and just society that are being negated.

Values are introduced in explanation as claims for an action that will negate the de-valued structures. Such structures are supposed to explain what happens or how the world 'is'. However, what causes the world to be as it is, is that it is as it shouldn't be.

Scientism reaches its limits with 'the question on forms' (Menger), that is the inability to explain the forms of social relations from the individualistic – selfish standpoint of the actors these relations

incorporate. However, this weakness of scientific explanation is itself an expression of the fact that the forms of the real have been constructed in the context of a process that negates the sociability of actors and cancels their ability to create and give meaning to the conditions of their life. Social forms are explained as the outcome of the negation of social values that would allow them to be their opposite, that is forms of solidarity in human coexistence.

If this process of alienation of human sociability is repressed, social relations will not be in a position to be grasped rationally. They would appear in a double fetishized form: on the one hand, as the action of individuals pursuing selfish goals and, on the other hand, as given forms of social action. The explanation of social actions would then be confined to the Weberian programme of reconstructing individual action, in the context of which social forms are accepted as given defying further explanation.

In the case of the social sciences, we propose here a specific mode of explanation, which reduces the explanandum to the conditions of its reproduction, and to the values affected/confirmed through this reproduction. For example, the forms of action and the normative regulations on the protection of social labour can be 'explained' as reactions to the endangerment of society itself (of social labour) from the overexploitation resulting from the antagonistic form of capitalist economy. The functional conditions of society's reproduction are, of course, translated into political programmes of people's demands. Both dimensions (the functional reference to the conditions and the practical reference to political values), in their interconnections and the transitions between them are necessary for explaining a regulation (norm) regarding for example the working day, protection from illness etc.

Similar questions on explanation are raised today in relation to the constant threats affecting the natural environment. Dealing with them requires the organization of social and communicative relations in a way that guarantees citizens' access to information, transparency and the constant critique of the administrative, economic and technical actions. The 'explanation' of a development in this field goes back to the critical examination of the relation between public and private in contemporary societies, the quality of democracy and the citizens' ability to deal with the functional and technical problems of their societies in a political manner. A certain idea of a reasonable relation between humans themselves and nature is included and anticipated in any such explanation.

How should the welfare state be 'explained'? On the one hand, of course, functionally as a condition of reproduction (securing through normative regulation the conditions of life, health etc. under threat

from the capitalist form of society, which leads to acceptable normativities by the actors). However, at the same time, it should be seen as a value for the actors directing the action that guarantees life and their participation in social decision-making. The explanation has to resort to the value of social solidarity in the way it is formed and negated in the context of capitalism. The explanation links these dimensions of knowledge that is that of values, the functional, and the normative one and incorporates in their interrelation the 'facts' questioning their existing reified form.

In the context of this problematic, following individual orders of causal chains is of special interest. Every causal chain of acting develops to an already structured frame of action, which organizes the conditions of action that cancel or promote social values. Thus, alterations occur in the core of the totality of conditions and values. In every chain of acting, relations that constitute values for some actors, or vindicate the values of other actors, are considered as a pre-condition. The organizations of particular chains of action may destroy the conditions of social life or resist and struggle to reinstate them in a political perspective.

Obviously, the causal chains of the destruction of the conditions of life in a global context are activated directly, as a result of the communication achieved by interests and markets. For example, the destruction of forests for purposes of exploitation in one part of the planet leads to environmental catastrophe and threat for human life globally. By contrast, the causal chains of resistance and defence from this chain of destruction are not constructed immediately; they require knowledge, information, mobilization, and co-ordination in a world that prevents or conceals information (while at the same time needs its universal expansion for its own reproduction). Thus, the explanation of the social fact or action can not be complete if it does not refer to the problems of transcending the inertia and atomization arising during the attempt to create a social action that will form a just, non-destructive and non-exploitative world.

14. The critical social theory reveals the axiological nature of reality by incorporating in it the dimension of indeterminacy

One of the central issues of the contemporary theory-in-crisis refers to the question of indeterminacy (see point 5). This incorporation (as it appears, for example, in the debates on post-modernity) takes place, however, in an external and contingent way and, most of the time, leads to relativistic solutions. For example, indeterminacy is portrayed

as freedom in relation to the supposed 'dogmatism' of the project of the Enlightenment etc. The reason of the failure to incorporate indeterminacy in the context of the dominant theory of society is connected with theory's inability to approach critically the question of values (the axiological question).

However, critical investigation of the question of values reveals something apparently worth questioning – values do not oppose the element of indeterminacy; on the contrary they are constituted through it. The indeterminacy of the conditions reveals their inability to be constituted as such in so far as they are not mediated by values such as justice and autonomy. It thus confirms that the continuity of the social is only restored through free, just and emancipated social relations.

In the tradition of critical philosophy, from Montaigne to Kant the contingent is recruited in favour of critical reason: every relation of exploitation and domination that cancels the realization of a society of free and equals is not necessary but exists as a contingency. Undetermined are the relations that humiliate, alienate and exploit human life. Thus only determination can be located in the rational critical thought and free action that ends humiliation (thus negating indeterminacy).

In Kant we are faced with a double perspective of the problem of indeterminacy. On the one hand, Kant's transcendental method is thought to overcome the indeterminacy resulting from the juxtaposition of reasonable and rational-instrumental action in favour of (practical) reason. On the other hand, Kant claims the negation of every determination and the indeterminacy of every relation that has become coherent and determined through domination and enforcement.

In contrast to the post-modern juxtaposition 'necessary – contingent' the type of argumentation belonging to contemporary critical theory presents the two elements as aspects of an integrated critical argument. This argument undermines structuralism by raising the suspicion that it refers to coherent wholes whose coherence was restored through unquestioned practices of domination and exploitation.

In the context of this argument, causal chains of action, whose parts are connected in a linear way so that one's conditions of life, health and dignity constitute means of someone else's profiteering, are considered unstable. The anomaly in these causal connections creates an indeterminacy which will not be negated if the practices perpetuating exploitative and undignified relations are not negated.

The theoretical perspective we offer permits the understanding of a hidden meaning in the intellectual processes that led, during the twentieth century, to relativistic answers to the epistemological questions of

the social sciences. In the form of conservative and relativist theory, these approaches showed the inherent antinomies of the very subject matter of the social sciences – modern societies.

In models such as those of Hayek, the indeterminacy detected in relation to the construction of macro-aggregates, for example those of a Keynesian type, refers to the futility and ideological nature of the reformist venture of Keynesian consensus. This venture wants to control with 'rational' interventionist policies a society constructed through atomization, and through concealing information and the use of the actor's conditions of life as a means for the enrichment of other actors. Thus, conservative arguments such as Hayek's conceives unintentionally the antinomy of a society of the type it wishes to preserve.

Models such as those of Arrow and Downs or Hirschman depict the paradoxes and indeterminacies which are necessarily reproduced in a society where the public realm may constitute the common realm of the actors' action, that is the element that unites them, but also the means for the achievement of private aims for some actors who separate themselves from the rest and act competitively towards them.

Such theories are ideological, in the sense that they have not completed the critical thinking on their subject matter which they treat as a positive reality. Even though, by depicting indeterminacy as a constituting element of modern society they do contain, unintentionally, the critical dimension, they do not succeed in what Kant was asking from critique – to turn indeterminacy in favour of critical reason.

15. The issue of the coherence of the real appears as an issue of restoring communication and translatability between social practices

In order to understand the particularity of contemporary societies it is important to establish the way communication is achieved among them and the way their differing symbolic systems become mutually translatable. This applies equally to the communication of parts within a totality and that of totalities in their interrelation. If we suppose that such communication practices are partly or wholly incompatible we have to raise the question of the possibility of transition from relativism to bindingness from the incompatible to compatible in reference to such practices. However, we also have to deal with the risk of being led to a state of homogeneity, of abolishing differences etc. that may result from restoring compatibility.

The Enlightenment's and dialectic theory of society elaborated 'solutions' of negating incompatibility, which are of special interest to us. Rousseau thought that in the case of the incompatibility of demands for political domination, it is possible to locate normative preconditions that can be binding for all actors (*volonte generale*). These preconditions (values) consist of freedom and equality. In the case that they are posed historically, they are supposed to negate incompatibility.

Kant's model is a more elaborate one. In its context, the relativistic argument is constructed as a dispute between contingent historical demands (resulting from the imaginary-intuitive part of the self on the one hand, and the rational terms of the critique (freedom, equality, etc.) on the other). This dispute results in indeterminacy being 'arbitrated' in favour of reason. Thus, the rational argument constitutes a fighting party but also a meta-theoretical (meta-practical) reflection on the terms of a just and free action. This special movement of reflection constitutes the pre-eminent Kantian strategy against relativism.

In the Marxian dialectic exposition of concepts the theoretical and practical demands of individuals and parties are reduced to the social totality, which reveals the special position they occupy. This totality is analysed as form (property, money, capital) and content (collective sociability, social labour). The critique of the form of society claims that it negates indeterminacy and the incompatibility between the different individual specifications of form. Individual action, for example, is no more reduced to the 'aims' of the actors which are supposed not to be subjected to further analysis. It is rather conceived as the externalization/alteration of the active forces conditioning the whole. Of course, this theory was accused of being dogmatic, essentialist etc. More recently, representatives of the 'new' Frankfurt school (Habermas) accused it for being 'expressivist', substantializing the category of social labour.

Restoring communication and translatability between heterogeneous practices and theoretical claims meets obstacles referring to the structure, hierarchies and the relations of domination pertaining to each practice. Yet, it also has logical, linguistic and rhetorical pre-conditions, which incorporate the conceptual and linguistic schemes of human communication in their most abstract form. Such schemes secure the transition from (a) to (b) within a rational, linguistic or rhetorical whole. However, they also raise obstacles for the transition from (A) to a non-(A). Such obstacles are not entirely rigid. They do allow weak transitions between schemes even when these contain conflicting expressions.

The starting point of our approach is the assumption that, first of all, the relation between heterogeneous practices does not expect to be restored through actual communication. It is already always pre-supposed; most often it has been already constructed by a previous act of domination. On the grounds of methodological considerations we can envisage, the process of communication/translation as already accomplished and as aiming at 'positing' and clarifying the pre-supposed conditions of communication. There is not an initial point of communication without a pre-supposed material pre-condition. Any analysis of the transcendental conditions of translation will also have to refer correspondingly to a 'material *a priori*', the nature of which we have to explore.

What is of special interest for the issue at hand, regarding the modern Logic of the social sciences is the possibility of restoring the comparability of incompatible practices, demands etc. through the destabilization of those exploitative and dominating conditions responsible for the continuation of instability and incompatibility.

In so far as the systems of conditions of domination do not create stable relations exactly because they negate the possibility of a free and dignified life, their dissolution may allow stability and trust in social relations and establish mutual respect and solidarity. In order to restore the compatibility and comparability of two seemingly incompatible claims, what is needed is more than the reconstruction of the structural relations mediating them (revealing, for example, the position claimants occupy in the division of labour).

A second move might also be necessary, that is the critique of the way these structural relations are constructed. Both opposing parties share in common their participation in an unequal relation that has been established as dividing and dominating. The will to change it unites them regardless of their position as winners or losers. The fact that, the defeated does not tolerate domination and the winner does not tolerate the privilege he does not rightly possess, is something that refers to the dignity of both. Dignity is here introduced as a value in the analysis of the social relation and makes the negation of the apparent incompatibility of positions possible.

The construction of a coherent subject matter for a theory of the modern social world includes both moves mentioned above: (a) The understanding of mechanisms, large financial corporations, military and political mechanisms dominating in a global scale through economic power, brutal violence or the appeal to selective sets of 'rights'; (b) The resistance to these mechanisms, emerging inside the mechanisms and in

the environment they operate – a resistance that reveals the values affected or cancelled when these mechanisms are activated. The reconstruction of these two moves allows a form of communication within society and permits us to refer to its ‘coherence’, in a non-dogmatic way.

16. Contemporary social theory will have to raise again the question on the methodological exposition of the concepts that will allow the critique of existing social relations

Twentieth-century epistemology mistrusts the attempts to seek a rigorous exposition of the concepts constructing the social–scientific subject matter. The critique to the notion of a coherent social subject-matter led social theory since Weber to doubt the idea of a coherent method. Thus, theory opposed a mode of systematic transition between theoretical terms that was typical of social theory up to the mid-nineteenth century and is known as the ‘exposition’ of these terms (concepts).

This transition moved from a presupposition to the positing of the following term and provided a justification for the necessity for each of these moves. This justification referred to the historicity and value of terms (concepts). The Kantian deduction that moved from empirical facts to the transcendental conditions of their possibility constituted such a transition/exposition. The same applies to the development of concepts in the Hegelian logic which progresses from the categories of being, to those of necessity, and subsequently to those realizing freedom (‘idea’ or ‘concept’).

The dialectic exposition of concepts constitutes the most significant form of exposition for social theory. The Hegelian form of exposition was received and developed further by Marx, in a way, however, that still remains largely unclear. Many theorists have referred to the transition from the abstract to the concrete as the characteristic mode of movement in the Marxian exposition of the concepts in *Capital*. I have pointed out elsewhere (cf. *Geschichte und Methode*) that the concepts of Marx’s *Capital* move from the theoretical concepts that constitute the pre-conditions for development of the abstract essential relation (capital) to the development of the relation itself. After that, the analysis moves from the abstract essential relations to the ‘concrete’, grasped as the unity of the essential abstract relations on the one hand, and the ‘apparent’ forms (forms of the ‘surface’ of bourgeois societies) necessary mediating it on the other.

However, even now it has not been clearly shown that with the exception of the above, the course of exposition constitutes simultaneously: on the one hand the positing of an 'axiological' element, that is of social co-operation and its achievements (division of labour, industry, science, technology) and, on the other hand, a series of successive forms of its deterioration/distortion of this axiological element that make social relations appear as the outcome of individualistic and egoistic action.

All concepts undergo this process of distortion. The value of the reproduction of social life, for example, is distorted through its coverage by variable capital; the value of providing the means of life even to non-workers takes the distorted form of surplus-value etc. The succession in the exposition of concepts reflects on the interconnection of such values and their distortion. Marx seems to have been convinced that only a rigorous succession of concepts, a necessary and non-reversible 'exposition', could guarantee the imprinting of the particular relation of materiality, values, indeterminacy and historicity in his theoretical framework.

Only a few theorists share this conviction today. Marcuse in his book on 'Ontology' tries to distort the coherence of the Hegelian form of 'exposition' by starting with concepts such as those of existential experience, finite 'life' or historicity. Many theorists instead of *Capital* turn to the *Grundrisse* precisely because the demand for a rigorous exposition and a coherent dialectic method is not raised there (typical opponents of this 'exposition' are from the Left Negri, and from the Right Arendt).

Adorno criticizes the idealistic idea of 'synthesis' but makes clear that the critique of idealistic rationalism should simultaneously be a critique of the 'irrational' ('mythical'). Idealism tried to give meaning to human social existence by incorporating it into the realm of the activity of the 'good' (Platonic, Hegelian or other). The critique of the idealist constitution is a critique of the lie that the 'good' can be established in contemporary societies without these societies being subject to change. It also constitutes a critical appraisal of the social relations impeding this establishment. Finally, it reveals the lost difference the 'magical' thought attempts to salvage in the form of the essence, the sacred, the absolute, the 'good' etc. (however, the idea of the 'good' in the form of being negated and cancelled must be obviously considered necessary for the methodical exposition of concepts).

Adorno thought that the element of the destruction of form should be incorporated to the methodical exposition of concepts before the development of form is complete. He proposed a form of exposition that

would avoid that forms be justified by reference to pre-established structures. Instead of a comprehensive exposition the whole would be reconstructed through delivering series of some equally significant totalities, whose arrangement should be one of constellation (a concentric one). Thus, instead of the succession of 'before' or 'after' Adorno's method would expose critically central issues, points etc. through the combination of parts (see Jimenez).

Adorno's approach contains the risk that the analysis may lapse into relativist solutions. However, it points out the weakness of the classical theory of 'exposition'. In order to arrange concepts in a sequence reflecting the relation between the pre-condition and its positing, this theory in turn pre-supposes the knowledge of the essential in its abstract form. Such knowledge precedes the exposition and controls its individual steps. The 'relativism' of Adorno's approach could thus be interpreted as a reaction to the 'dogmatism' of such an 'anticipation of the essential' we find in the classical theory of 'exposition'.

However, such a reaction would not take into account that classical theory, at least in its Marxian version, 'anticipates' the abstract-essential (in the capitalist relation) as 'a condition under negation', as a structure in crisis, being under abolition and cancellation. This cancellation is justified by the unjust and exploitative nature of this relation. It has recourse to the values cancelled by this relation and become the content of the free and emancipated action.

At this point the methodical exposition of concepts will have to reflect on the nature of action. This pre-supposes that it will reflect on the transition from value to norm. Adorno refers to Kant's problem in 'The Critique of Pure Reason' (B 475, A 447) on the antinomies of reason. Kant, the theorist of the implementation of reason in experience, writes that abstracting from coercion (necessity) in order to consider freedom runs the risk of abstracting from any norm as well.

Consequently, what remains as 'freedom' is something 'blind' that dazzles (*Blendwerk*) rather than illuminates. How can we preserve the rule without destroying the value and without this resulting to a new necessity? What sort of norms shall we set by our action, in order to safeguard the values that are currently under threat by the globalization of capitalist forms and relations? How shall these norms avoid being reduced to dogmatic reglementations, being simultaneously in a position to promote the emancipatory aim, while maintaining relations of mutual respect and dignity among the actors? This is the old, but always pertinent question, which is set forth by both the citizens and the social scientists of our times.

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5

Jürgen Habermas' Reconstruction of Historical Materialism*

Helmut Reichelt

If one wishes to differentiate Habermas' theory from that of Marx in terms of its central motifs, then one will have to argue along the following lines: from the very beginning, even in his doctoral thesis on Democritus' and Epicurus' Natural Philosophy, Marx pursued a programme of deciphering society as an 'organic' [*naturwüchsige*] form of increasing individualization. Marx's focus is on forms, at first on forms of consciousness (i.e., religion, philosophy, morality, law), then later on the forms or categories of political economy. For Marx, the focus on forms was identical with the critique of the inverted forms of social existence, an existence constituted by the life-practice of human beings. All these forms obtain as inverted form of a 'community' that is external to the individuals, and from which they must emancipate themselves in order ever to be able to interact with one another 'as individuals' (Marx and Engels, 1962, pp. 70f).¹ This central idea is presented in its most pregnant form in *The German Ideology*: 'The reality [*das Bestehende*], that communism creates, is precisely the real [*wirkliche*] basis for rendering it impossible that any reality should exist independently of individuals, in so far as this reality is only a product of the preceding intercourse of the individuals themselves' (ibid., p. 70). It is thus a matter of deciphering theoretically the appearance [*Schein*] of independence that this 'surrogate of community' posits (ibid., p. 74), and then of expelling it practically from the world so that human beings will be able to enter into relationship with one another, not as character-masks, but as real individuals.

Marx sees this new figure of society anticipated in the 'community of revolutionary proletarians, who extend their own control over the conditions of their own existence and those of all members of society. It is as individuals that the individuals participate in it. It is exactly this

combination of individuals (assuming the advanced stage of modern productive forces, of course) which puts the conditions of the free development and movement of individuals under their control – conditions which were previously abandoned to chance and had won an independent existence over and against the separate individuals precisely because of their separation as individuals' (ibid., pp. 74–5). His earlier conceptualizations, and in particular the discussion of alienated labour, the alienation from species-being, etc., always express this one central idea; they are to a certain extent the counter-concepts to the existing forms of an inverted society, including its forms of consciousness and surrogates of community. In *The Jewish Question*, Marx (1964, p. 370) presents it as follows:

All emancipation is a return of the human world and human relationships to humans themselves. Political emancipation is the reduction of man, on the one hand, to a member of bourgeois society, an egoistic and independent individual, on the other hand, to a citizen of the state, a moral person. Not until the real individual man has taken the abstract citizen back into himself and, as an individual man, has become a species-being in his empirical life, in his individual work and individual relationships, not until man recognises and organises his 'forces propres' as social forces and thus no longer separates social forces from himself in the form of political forces, not until then will human emancipation be completed.

Marx was not painting here a picture of a communist society, nor did he do so later. Communism means primarily the practical abolition of all these inverted forms of individualization, and therewith too of the surrogate forms of community; and it also means the creation of relationships in which human beings can interact socially with one another as individuals. What such a society might look like in detail, would, he imagined, be decided by the human beings themselves.

Turning now to Habermas. He begins with the assumption that after the experiences of German fascism and the development of really existing socialism, thoughts such as these can no longer be reiterated without scepticism and relativization. Habermas notoriously circumvents the question whether Marx's thematization of the forms of consciousness, or of the forms of value, that is to say, the categories of political economy, is not in itself significant, and that is regardless of the programme of their practical or potential abolition. This was the dilemma of Adorno's and Horkheimer's Critical Theory: although the potential

subject of practical transformation ultimately disappeared entirely from their field of vision, both held on to the theory of inverted sociability. This theory was primarily concerned with the genetic explication of society and society was understood as the totality of these inverted forms. In this Critical Theory agreed with the core idea of Marxist theory; the concept of totality is simply an Aesopian reformulation of Marx's conception of base and 'idealistic' (*German Ideology*) superstructures.

How then does Habermas come to terms with these forms? It is within this context that we want to explicate his *Reconstruction of Historical Materialism*.

What is meant by reconstruction? In the introduction to his book *Zur Rekonstruktion des historischen Materialismus* [On the Reconstruction of Historical Materialism], Habermas defines his intentions in the following way: Reconstruction means that 'one takes apart a theory and reassembles it in a new form in order once again to achieve the goal that it had set for itself' (p. 9). One can certainly approve of this formulation, yet it remains merely formal. What were the goals that Marx set for himself? More precisely: what were the goals that in Habermas' interpretation Marx set for himself? Habermas expressed himself emphatically on this matter a few years later: 'If one reads Marx correctly, one can see that embodied in the institutions of the bourgeois state are ideas belonging to that inheritance which deserves to be preserved in a socialist society.'² This inheritance is what Habermas is interested in; and we may consider his work as a full-scale attempt to determine this inheritance in precise terms, and to present proposals for a rational political practice so that it remains viable.

Habermas considers his work as a continuation, an updating, of the old Critical Theory associated with Horkheimer and Adorno. He reproaches the old critical theory for the failure to render intelligible the normative foundations of its critical standpoint, a failure which, for Habermas, is systematic because of its character as a critical theory. In relation to a liberated society, and against the background of the predominance – better: absolutizing of the concept of instrumental reason, this failure manifests itself in the claim to an expanded concept of reason which it can not explicate and validate. According to Habermas, Marx can be reproached for the same deficiencies. Habermas argues that Marx attached himself to the ideas of the Enlightenment and that he saw these embodied in the institutions of the bourgeois state. Habermas argues that Marx was unable to demonstrate how moral categories were 'built in' to the judicial and political institutions. This, then, led to the result that, in his theory of historical materialism, Marx was forced to

render the concept of production absolute (see Habermas, 1968 p. 72). Habermas' early differentiation between labour and interaction has to be seen against this background. This differentiation is of utmost importance for his work. It functioned as a kind of theoretical resolution which remained a determining factor in the later construction of his theory.

Base and superstructure versus developmental dynamic and developmental logic: the Starnberger dispute with Marxism

In order to unravel Habermas' reconstruction of historical materialism, it is instructive to refer to his early essay 'Reflections on the Evolutionary Status of Modern Law'.³ Here Habermas introduces the theoretical direction and thrust of his work. In this short treatise, he uses verbatim the term 'legal form' [*Rechtsform*]. That is, Habermas connects directly on to Marx's programme. How, then, does Habermas read 'built-in moral categories' out of the legal form? The text originated in the context of his 'Reconstruction of Historical Materialism' where he tried to formulate his position in explicit opposition to Marxist ideas, which he characterized rather frostily as 'enormously popular attempts to derive the juridical and political "forms" of the capitalist state from the form of economic intercourse, and ultimately from that of the commodity' – attempts which he considers misdirected (Habermas, 1976, p. 267). It may be supposed that Habermas is dealing with the rather unmeticulously developed analytical accounts of J. Hirsch and D. Läßle, to whom he refers here as representative of 'Marxist derivations of the state'. Nevertheless, the question naturally arises as to the validity of Habermas' criticism of the programme itself. For Habermas is not at all interested in 'deriving' the legal form and the form of the state; rather, he is interested in examining the already existing, that is constituted form and this with a view to discerning whether reason is embodied in it. He seeks – using a characteristic formulation from his Theory of Communicative Action – to decipher reason in the 'existing forms'.⁴

Accordingly, Habermas distinguishes between the form and the content of law. With regard to the content of modern law, his position (*ibid.*, p. 262) accords with traditional Marxist positions:

The contents of private law are determined first of all by the needs of capitalist economic interaction: its core is the institutional guarantee of property with the concomitant guarantees of contract freedom and rights to trade and inheritance. The contents of constitutional

law are tailored to a state that, supported by a largely centralised, administrative apparatus based on technical expertise and the division of labour, guarantees the conditions for the continued existence of a private economic order, without itself having to take on functions of production: the subjectively public laws [*subjektiv öffentlichen Rechte*] mirror the functional specification of state power *vis-à-vis* a private, autonomous economic interaction. Carried out from these viewpoints, a functional analysis of the most important legal forms [*Rechtsmaterien*] would be able to demonstrate how the law contributes to the systemic rationality of society.

Systemic rationality, however, is a viewpoint that interests Habermas only in terms of the developmental dynamic; and this is where Habermas' analysis parallels those of Hirsch and Läßle. 'The capitalist mode of production is of course decisive for the developmental dynamic that explains the contents and functions of civil law' (*ibid.*, p. 267). Nevertheless, the viewpoint itself should not be mistaken for an analysis of the modern legal form.

But how does Habermas conceive of 'form'? Given his objective, one must expect that he would direct his attention to the legal form; for when the content proves to be conditioned by capitalist development, then reason can inhere only in the form: 'Viewed in terms of a developmental logic, *the form of modern law* can be conceived as an *embodiment of post-conventional structures of consciousness* (*ibid.*, p. 266). Habermas assumes – and here he relies on Piaget and Kohlberg – that the post-conventional form of consciousness is logically no longer surpassable. In short, for Habermas a free and reasonable society can only be built on the already existing forms of reason, and modern law embodies this reason. It is primarily in this context that we must analyse his entire formal analysis of modern law.

How then is rationality subsumed [*aufgehoben*] in modern law – as a dialectician would say – or embodied in it – as Habermas says? Since, for Habermas, all rationality ultimately discloses itself as discursive, it is only under this aspect that legal norms can be deciphered as rational.

The rationality of norms measures itself immediately according to problems of justification that are to be overcome discursively; and, in a mediated manner, according to whether the institutional preconditions for the thematisation of validity claims for recognition and for an argumentative test are given. The object of the test is the question as to whether a problematic norm can express interests

capable of being generalised or compromised (i.e., values), such they would be accepted and preferred over known alternatives by those who might be affected by them (if they were to participate in a practical discourse). (ibid., p. 262)

Although Habermas had not yet completely formulated what later became his central discursive principles, this idea of his 'Reconstruction' already informs his conception of the rationality of legal norms and directs the conceptualization of modern law. For this reason Habermas speaks quite consciously in the subjunctive when he emphasizes the characteristic features of modern law in terms of an embodiment of rationality: *'The rationality of the law may be recognised in the fact that it is tailored to the strategic rationality of the purposively acting subjects.* This tailoring is visible not in its legal materials [*Rechtsmaterien*], but in its structural features: in positivity, in legalism, and in the formality of the law' (ibid., p. 264).

In so far as Habermas bases the deciphering of rationality on these structural features, he remains within Marx's theoretical framework. For all these structural features 'define a system of action in which it is assumed that all members of the system behave strategically, in that they: 1. obey laws as officially sanctioned, but at all times legitimately alterable conventions; 2. pursue their interests without moral considerations; and 3. make optimal decisions according to their interest orientations within the bounds of valid laws. It is assumed, in other words, that they make purposive-rational use of their private autonomy' (ibid.).

Regarding these three structural features, the difference from Marx has less to do with the fact that Habermas sees the law as a functional complement to economic-calculating activity. Rather, it has to do with his conviction that modern law cannot be 'derived' from the 'form of economic interaction' – nor ultimately from the commodity form – but that it is, in fact, the other way around: it is only on the basis of the legal form that capitalist systemic rationality can develop(!).

The first-named structural features of modern law (conventionality, legality, formality) are general determinations of a legally binding institutionalisation of well-defined fields of strategic action. They make explicit the form, on the basis of which modern law can fulfil the functional imperatives of a market-regulated economic interaction. *But this systemic rationality results from legal structures in which purposive-rational activity can become generalised.* (ibid., p. 266; *author's emphasis*).

Formulations such as these are quite bewildering and – like Weber's Protestantism thesis – nourish the suspicion that a new monocausality is to be introduced to oppose Marx's theory. Habermas, however, wants something different. System and life-world are conceived as distinct forms of integration and neither can be reduced to the other. Each obeys its own distinct logic; the life-world a logic of development that cannot be attributed to systemic rationality. Systemic rationality 'does not explain how these legal structures are possible. Observed in terms of developmental logic, the form of modern law *can* be conceived of as an embodiment of post-conventional structures of consciousness' (ibid.; *author's italics*). At this point, Habermas argues cautiously – in the subjunctive – as if he were still unsure. In any case, his ideas about the legal form remain programmatic in this period.

The relationship between modern law and capitalist development is of no importance to Habermas. Rather, what is decisive for him is the conceptional distinction between life-world and system. His entire palace of ideas would collapse like a house of cards if it were possible to trace modern law in its specific form back to the structure of the socio-economic base. It would then no longer be possible to postulate that discursive reason is as constitutive of the human linguistic community as it is of modern law, nor to interpret the institutions of the modern constitutional state and of parliamentary democracy as partial embodiments of reason – least of all, as he has it, of a universally conceived reason: 'the capitalist mode of production is of course decisive for the *developmental dynamic* that explicates the contents and functions of civil law, but not for the *developmental logic* which alone explicates the form and structures of rationality of civil law' (ibid., p. 267). For Habermas, the studies of Piaget and Kohlberg appear to supply sufficient insights to justify the notion that there is a distinctive logical property in moral development. This logic, he argues (ibid., p. 266), can also be invoked for the reconstruction of the form of modern law:

the conventionalisation, legalization, and formalization of the law mean that it can no longer sustain itself on the unquestioned authority of moral traditions, but requires an autonomous foundation. Only in the post-conventional stage can the moral consciousness satisfy such a demand: only there originates the idea that legal norms are fundamentally criticizable and require justification; only here do we find the distinction between norms of action and principles of action, the concept of a principle-directed production of norms, and the notion of the rational unification of norms.

Although the title of this study reads 'Towards the Reconstruction of Historical Materialism,' Habermas' real goal is the reconstruction of the structures of rationality. These structures can be found in modern law. For this reason the entire explication of the form of modern law must up to this point remain unsatisfying because the decisive aspect, the structure of rationality, has yet to be thematized.

The previous considerations should support the thesis that the rationality of the law in modern society can adequately be analyzed, neither from the viewpoint of a growing systemic rationality nor from the viewpoint of an improved internal systemization of legal propositions [*Rechtssätze*], but rather only from the viewpoint of the enforcement of strategic rationality in the interaction of private subjects with one another. *But this these does not go far enough.* (ibid.; author's emphasis)

Habermas indeed wants to reconstruct how, in the evolution of law, discursive rationality is realized in the complex relationship between developmental logic and developmental dynamic; the other, above-mentioned structural characteristics are for Habermas unthinkable without this constitutive reason upon which the specific rationality of the norms rests: 'The increase in rationality of modern law [is measured] according to the rationality of its norms' (ibid.).

Habermas has considerable problems in detecting the specific rationality of norms immediately in existing law. His point of reference has of course to be the generality of norms:

I have yet to mention a fourth structural characteristic of modern law: *generality*. According to its own claim, modern law should consist of general norms that fundamentally exclude all exceptions and privileges. The discussion that has been carried on since the 1920s about extra-constitutional regulatory measures [*Massnahmegesetze*], about the difficulty of formally separating – from the viewpoint of generality – administrative acts and laws when the lawgiver must regulate increasingly concrete matters, is a symptom that this structural characteristic is perceived as essential. It is immediately linked to the legitimacy of bourgeois law. If and insofar as modern law *universally regulates* an area of strategic action, can the legal system as a whole be justified as an expression of generalizable interests. (ibid., p. 265)

In the above quote, we find in a nutshell not only the core of Habermas' construction but also, what is problematic about it. That he refers to legal theoretical discussions as a symptom is itself symptomatic. He correctly surmises that legal theorists view the structural characteristic of generality as essential because it is connected to the legitimacy of the law. But how is it linked to modern legitimacy? Is it, as he imputed to the legal theorists, because the form of generality itself, to which they so stubbornly cling, must be deciphered as the embodiment of discursive reason? Or is it merely the universal regulation which is as such sufficient to 'justify the legal system as a whole as an expression of generalizable interests'. These are not the same. The former would be a form-genetic explication, the latter the more or less lucid linkage of the legal norms with modern forms of legitimation; one can never be certain, whether this linkage is perceived as a matter of discursive rationality or rationalization. Especially his talk about 'the justification of the legal system as a whole' gives rise to the suspicion that Habermas – despite all of his expressly announced intentions – presents a construction in which rationality and rationalization have entered into a difficult marriage. Habermas' stubbornly repeated dispute with Weber's conception of legitimacy within the context of a theory of power [*Herrschaftstheorie*] can be interpreted as 'symptomatic': Habermas, it seems, has constantly to persuade himself that only rational argumentation can be the basis of modern legitimation, and not a belief in legitimacy.

His dispute with the 'marxist critique of bourgeois law' (ibid.) is characteristic in this context. Habermas starts with the assumption that this critique can prove that 'the generality of the legal norm is in many cases guaranteed only in word and form, but not with regard to its actual consequences' (ibid.). Yet, at the same time, he counters that this critique is nourished by a claim that is itself 'bound up with abstract law'. But what matters to Habermas is 'to explicate' precisely that claim itself and 'on that basis to legitimize modern law as the rational foundation for the organization of state and society'. Precisely herein – and Habermas does want to align himself with this rational tradition – 'consists indeed the historical accomplishment of rational natural law from Hobbes to Hegel' (ibid.). It is unclear which 'Marxist critique' Habermas refers to here; it is doubtful whether 'the' Marxist critique exists in the comprehensive collective singular. But his choice of words is revealing, when he speaks of the 'many cases' in which the generality of the legal norm is guaranteed only in terms of the form, and not with regard to the consequences – as if the latter were an avoidable accident.

He fails to appreciate the fact that we are dealing here with structural contradictions that exist in and through the generality of the legal norm itself, and that is the reality of the legal norm, its real validity and efficacy. As Hegel might have speculatively characterized it: The valid abstract law [*das geltende Recht*] is the effective injustice [*das geltende Unrecht*]. It is thus not a matter of proving this 'in many cases', but of showing that this contradiction is built into the structure of abstract law itself. To this extent Habermas – against his own intention – hit the nail on the head when he argues that the historical accomplishment from Hobbes to Hegel has been the explication of the claim of abstract law, but, it should be noted, only the claim.

Habermas reproaches Marxist theorists of the state for their apparent functionalist analysis of the legal system. Such an analysis, Habermas argues, serves only 'to accuse, not to suspend, the unredeemed normative claims to validity' (ibid., p. 266). In fact, Marxism's critique of ideology confronts the normative implications of abstract law with the reality of the law itself. We will have to come back to the question how far Habermas' own conclusions are to be trusted:

The functionally overextended notion that the normative claims to validity let themselves, in a systemic-theoretical manner, not only be analyzed but also absorbed inside the consciousness of the members of the system without *notable consequences for the existence of the legal system*, is something that I consider a social-science fiction, indeed a fiction that without transposition onto *other* anthropological grounds can hardly become the reality. (ibid.)

This passage requires interpretation. Habermas in no way attributes to Marxists totalitarian ideas regarding the yet-to-be-produced society. Nevertheless, he demands sociological realism: the immediate realization of the ideals of the Enlightenment (liberty, equality, fraternity, reason – that is, the notion that all human beings should be able to act immediately in their everyday practice in a moral way) would indeed mean the dissolution of the separation between morality and law. Law would then be immediately moral, i.e., it would no longer exist. Such conception belongs, there is no doubt, to the realm of social-science fiction: as dystopia.

Let us take stock. In his 'Reconstruction of Historical Materialism', Habermas is in considerable agreement with Marxist theory. Modern law is, explicitly in terms of its contents, proven to be functional for

the systemic rationality of capitalism. As far as the form is concerned, the three structural characteristics – conventionality, legality, formality – show that modern law is based on the legally binding institutionalization of strategic action; and this means that the form too is functional regarding the rationality of the system. Diverging from the Marxian programme, Habermas assumes that modern law becomes possible only at a post-conventional stage of moral development. This stage can itself not be derived from systemic rationality – in fact, it is this moral development that renders possible the universalization of capitalism. Habermas conceives this double-tracked argument – the division into developmental logic and developmental dynamic, into system and life-world – because he wishes to postulate on the one hand that the three characteristics of modern law make the form 'explicit' and that it is on this basis that it can fulfil 'the functional imperatives of an economic intercourse regulated through the market' (*ibid.*, p. 266); on the other hand, these three characteristics are simultaneously to be deciphered as an 'embodiment of post-conventional structures of consciousness'. This embodiment entails discursive rationality, and it is therefore constitutive for the universal form of the legal norm. It is this generality of the form that is associated with the rational legitimation of modern law; and this precisely because discursive rationality has permeated it in a form-determining way. The rationality of legal norms must thus be traced back to discursive rationality; claims that are connected with the universal form of the law should lead back to its origin and that is, to discursive rationality. Although modern law, for Habermas, proves itself to be functional for the systemic rationality of capitalism, it is, because of its norm-rationality, *not only* functional. It is more than that because post-conventional structures of rationality are embodied in its form; it conceals a rationality one can not do without if society is to be changed.

In contrast to Marxian theory which would insist on a form-genetic explication of modern law (as 'surrogate for community' based on the alienated social individual), Habermas wants to trace modern law back to a universally conceived practical reason that created a law that has indeed fulfilled the functional imperatives of capitalist economic interaction. However, because the form of law is impregnated with reason, it is equally well suited as a means of opposing the systemic rationality of capitalism and thus of making possible a society in which those ideas that a 'correctly read Marx' perceived in the institutions of the bourgeois state can realistically be achieved. This also means that human beings do not need to be 'transposed onto a new anthropological basis'; and, in addition, the existence of the legal system itself would

be safeguarded. Habermas' theoretical construction moves within these coordinates, and with these his entire later work can be deciphered.

In the interview cited above,⁵ Habermas talks about the basic tenets of his theory of communicative action. He mentions not only the deficits of the old Critical Theory, and/or Marxian theory, but also a further, then still vibrant political issue, namely: the bad, abstract alternative between 'uptight' neo-conservatives and the anti-growth young conservatives. The one group would like 'at almost any price, in any case rather violently, to hold on to the capitalist model of social rationalization' (Habermas, 1985, p. 183). Problems for socially integrated areas of life that result from this kind of politics, are then 'pushed back and forth' between the media of money and power, but they are not resolved. The anti-growth counter position (the Greens of that period) also conceals the danger of a post-structuralist renunciation of all forms of reason. 'Modern life-worlds are differentiated and should also remain differentiated so that reflexivity and tradition, the individualization of socialized subjects, the universal foundations of law and morality don't go to the devil' (ibid.). We see that Habermas held firmly on to the basic ideas expressed in his 'Reconstruction of Historical Materialism', even though these are now presented in a way that corresponds to the more developed state of his theory. The following sections focus on the development of his conceptual framework in his later work.

System and life-world

It has already been pointed out that Habermas made the decisive step in his theoretical development quite early on with the differentiation between labour and interaction. This step appears to have been motivated by what he perceived as the lack of practical political reason in the work of Marx and Critical Theory. However, Habermas' theoretical work did not develop in a straight line. As it is the case with Wittgenstein, one has to differentiate between Habermas I and Habermas II. There is, then, a break in the elaboration of his theory – a new beginning. This new beginning originated with his turn toward linguistic theory, leading to the development of universal-pragmatic conceptions and their connection to sociological inquiries.

There is no doubt in my mind that Habermas has made huge advances in discourse theory and linguistic pragmatism. What is particularly noteworthy is his attempt to connect these areas of study with the theory of action. There is no doubt also that his accomplishments

have not been appropriately recognized. That this is so is a result of the persisting division of labour between the disciplines. Linguistic theory is too complex for the sociologists, and the philosophers do not want to occupy themselves with sociological questions. But it is not my intention to deal with this problem here.

In the context of our inquiry, it is important to note that Habermas reformulated an important idea of Marx's theory, namely: individualization [*Vereinzelung*] is a social process. Marx conceived this thought materialistically when he argued that the egoistic action of individuals, mediated through money, is characteristic for the individualization of the individual within society. For Marx, then, individualization is a necessary form of a system in which social labour obtains in a mode of being denied, i.e. as private labour. As an earlier quotation from Marx's early work has shown, Marx conceives this system of social labour as an inverted form of individualization – an 'optimalizing machine' through which the social relations of production subsist. What Marx criticizes in 'bourgeois' theory, and what he considers to be the central characteristic of the bourgeois character of the theory, is its presupposition of the individualized individual as an absolute – a false naturalistic syllogism which is complemented by its inability to comprehend the categories of political economy. Bourgeois theory, in short, is 'blind': it does not see the social character and existence of what it celebrates as the – individualized – individual. Habermas does not deal with *this* issue at all, nor does he discuss the question whether the self-reflexivity of modern subjectivity and the category of individuation are possibly tied to the form of social relations. Rather, he extracts this dialectic of individual and society from its original context and thematizes it exclusively within the framework of the now integrated linguistic and action theories. In short, the dialectic of individual and society becomes an intersubjectively conceived theory of the life-world. Habermas repeats Marx's critique of the absolutized concept of the subject in bourgeois theory as a whole. However, he does so on the basis of the life-world and his critique is targeted against the whole of modern philosophy which stands accused of not having recognized that it poses as absolute its own position on the philosophy of consciousness – a position from which a theoretical reconstruction of the simultaneous genesis of individual and society is deemed to be impossible. Habermas never raises the question whether the absolutizing of the subject in the philosophy of consciousness could possibly be indebted to the bourgeois relations of production. Instead he belittles the category of the egoistic individual and deprives it of its critical content. He does so by detaching the

individual, its history and being, from the relations of production, and by rendering it, in an action-theoretical manner, completely harmless. This he signals with his conception of strategic action. With the help of this concept he constructs the form of systemic integration (system) in distinction to the form of social integration (life-world) which he conceives as something made up of linguistically co-ordinated action.

Habermas distinguishes between two types of rationality. One belongs to the context of strategic action and systemic integration. It is seen as a reduced type of rationality: it is the sort of purposeful rationality, or indeed strategic action, upon which the entire development of economic theory rests and that, in its exclusively instrumental character, was absolutized as the only concept of reason by Max Weber and the Weber-Marxism of the Frankfurt School. The second type refers to an expanded concept of reason which according to Habermas, was taken up by Critical Theory and Marx, but which has never been developed in explicit terms. This expanded concept is located in the life-world, a world where action is oriented towards understanding [*verstandigungsorientiertes Handeln*]. It is this expanded concept of reason that provides the basis for the reconstruction of post-conventional consciousness.

With these types of action – understanding-oriented action and purposive-strategic action – Habermas constructs his two forms of integration: life-world and system. Against this background Habermas criticizes all of sociology and social theory as insufficiently complex because none appears to be adequate to the complexity that the object-field [*Gegenstandsbereich*] presents; and he insists that we need to account, both theoretically and methodologically, for the intertwining of social integration and systemic integration. In short, he insists on the development of a concept of society as the unity of life-world and system. Of course, he argues that these two, system and life-world, have to be combined within one another in a ‘non-trivial’ manner. In his view, all previous theory emphasizes one or the other theoretical position – the hermeneutical or the scientific – and conceives of society either as a ‘comprehensible’, communicatively mediated context of action [*kommunikativ vermittelten Handlungszusammenhang*] or as a reified system. According to Habermas, both of these positions have to be brought together to create a unified theoretical concept. The original point of departure – labour and interaction – has also been elaborated further; the postulated autonomy of the moral-practical sphere, its irreducibility to categories of the production process, has been developed in terms of the concept of the life-world; the sphere that was previously registered under the category ‘labour’ is now conceptualized with the help of Talcott Parsons’ media theory, that is the theory of subsystems.

It is with the help of Parsons' media theory that historical materialism is to be 'reconstructed'. Against the dialectic of the relations and forces of production, Habermas proposes the view that human history is an evolutionary process that is best understood as a complicated intertwining of developmental logic and developmental dynamic. He divides human history into three recognizable social formations: tribal society, the high cultures, and modernity. The first is distinguished by an immediate unity of life-world and system. Exchange and power have yet to achieve autonomy through the establishment of their respective subsystems. The second type, pre-modern high cultures, is characterized by the evolution of an independent subsystem whose integration is based on the medium of power. In modernity, finally, we find the constitution of the economic as an independent systemic structure. The evolution towards modernity goes forward, and is informed by, the medium of money.

Habermas' argument implies that the media operate as some sort of integrative mechanisms that allow society to reproduce itself in an increasingly complex way. An abolition of power and money is unthinkable in this theory. For that would mean regressing to forms of social integration that are incompatible with the already attained forms of the rationalized life-world. In Habermas' view, power and money are thus media that one can not do without under any circumstances. According to him, Marx made the mistake of conceiving political economy as an inverted form of the life-world (that is, not as a system), and that he therefore felt, that money and power could be abolished.

In contradistinction to Marx, Habermas presumes that there is a need to distinguish between the 'levels of systemic differentiation and the class-specific forms of its institutionalisation' (Habermas, 1981, p. 501). In other words: it is entirely conceivable that this 'evolutionarily advantageous integration level' and the subsystems steered by the media of power and money could have developed differently (with another, life-worldly starting point, for example with an ethic of brotherly love in the religious sphere); and it is conceivable that they could be transformed – without loss of complexity – to such an extent that the life-world, which is now colonized by power and money, would be decolonized. This would allow the life-world to, once again, function according to its own proper mode of integration. This then is Habermas' version of a rational society.

When Habermas criticizes and rejects Marx's historical materialism, he has a definite, and indeed a dogmatic, version in mind. This version does not stand up to a critical reading of *Kapital*. Of course, authors are permitted to change their point of view and to 'revise' their work.

One should therefore not speak of *the* historical materialism, but rather explicate Marx's conception of history against the background of his entire work. And because the critique of political economy stands at the centre of Marx's work, it seems sensible to reconstruct his theory of evolution from this perspective. It makes little sense to focus merely on those passages where the materialist conception of history is explicitly summoned – as in the *German Ideology* of 1845. Of course, in the *German Ideology*, Marx develops many themes that are central to his critique – the forces of production, the forms of intercourse, and the contradictions between them, as well as base and superstructure. But a naïve reading will overlook the fact that Marx here presented an amalgam of several central theses from the work of Adam Smith combined with his first attempt at a critique of political economy. Division of labour and accumulation are the central categories that, however, in the manner of the *Paris Manuscripts* of 1844 are conceived as an inverted form of human species being [*Gattungswesen*]. In the construction of this historical trajectory, the conceptualization carries more weight than it can bear. But a closer reading of the *German Ideology* reveals that Marx recognized only a single contradiction of this kind, namely that which obtains in the present⁶ and which manifests itself in repeated crises.

In the *Grundrisse*, where he first supplied a dialectical development of his categories, Marx presents a different conceptualization. Marx is thinking here of a repeatedly occurring historical process that only under certain historical conditions could take the specific course that it did in Europe. About a year later, with the publication of *Toward the Critique of Political Economy*, Marx presented in the Foreword a simplified version that later became the foundation of dogmatic historical materialism. It is this dogmatic reading of Marx that Habermas opposes when he presents his own theory of evolution.

The ambiguity in Marx's concept of history also sheds light on the concept of evolution. If Marx in the aforementioned Foreword presented – *malgré lui* – a version of history that deviates from that of the *Grundrisse*, then it is necessary to consider that Marx had to come to terms with the disappointment that the revolution he predicted for 1858 did not occur. In 1859, this dogmatic version amounted to a construction of necessity: if all previous history had run according to this model – as an always renewed contradiction between the forces and relations of production – then Marx could also be sure that the transition to communist society – the last one! – would likewise succeed.

The sequence of steps in Habermas' evolutionary construction has an analogous function. Of course, he does not want to be assured of the

practical overcoming of capitalist society. Instead, he seeks theoretical certainty for its eternal existence (or, in the best case, wishes to civilize it beyond recognition). This makes it possible for him to utilize and refine Parsons' theory of communication media. With the help of the media power and money, Habermas presents a sequence of social formations that, ironically, echoes those of the young Marx. Yet, Habermas' theoretical construction exudes not only magical connotations that should give cause for pause. There is also the sequence itself: the immediate unity of life-world and system in tribal society, the separation of the two forms in the high cultures, and finally the extreme form in which the life-world itself appears only as a subsystem among others. This sequence is not without metaphysical references. Habermas presents here in inverted form a specific characteristic of modern society: Although everything can only emerge from the life-world, and would not be anything without it, the life-world is treated as a mere moment of the whole. This treatment reduces the life-world to a factor among others, its constitutive existence seems to disappear; it is, in Adorno's words, merely carried along.

Of course, it should not be overlooked that, with his differentiation between developmental logic and developmental dynamic, Habermas introduces a completely new approach to the understanding of history. Indeed, his theory seems to render intelligible the transition from tribal societies to class societies with political organization (here he relies especially on the works of Klaus Eder). In any case, it is precisely this transition that Habermas thematizes most strongly. There is hardly any elaboration of the transition from political class-societies to modernity. This transition is much more important. It is in my opinion no accident that there are only a few comments on this transition. The conception of system that Habermas adopts from sociological discourse theory may be capable of explaining the first transition – above all in combination with his notion of developmental logic; but for the second transition, that to modernity, it fails. This failure is hardly surprising. His fundamental concepts themselves entail the constitutive weakness of his theory, especially and ironically his concept 'system'. Its origin is unthinkable without capitalist society. It is in this society, that the concept of system is grounded in real terms – it belongs to capitalism. Faced with the specific dynamic of the gradual process of the autonomization [*Verselbständigung*] of exchange value, with the moloch-like expansion of autonomized [*verselbständigter*] production where use-value is not just carried along, but where use-value is in fact created in order to preserve itself *as* autonomized

[*verselbständigte*] value-production, the universalistically defined concept of system fails.

Habermas' universalistic conception of system, in this case the economic subsystem, implies a naturalistic concept of production that is ideological in a strict sense. Against this background, the social character of an autonomized [*verselbständigtes*] system of value production is unintelligible. It has to be developed through the conception of the dual character of labour. This is the springboard for the critique of political economy that Marx introduced and elaborated, albeit highly insufficiently. However, if labour's constitutive significance for the proper understanding of the dynamic of capital is overlooked, then 'economics' is posed as a theory with naturalistically given elements. At the end of the third volume of *Kapital*, in the chapter on the 'Trinitarian Formula', Marx summarized with biting irony this structure of argumentation that is today offered as a theory of 'production factors'. In the *Grundrisse*, on the other hand, he concentrated above all on 'simple circulation' as a sphere whose being is, in the dialectical presentation of the categories, proven to be a pure appearance [*reiner Schein*] in the Hegelian sense. This early construction, that also lies hidden at the foundation of *Kapital*, was fully misunderstood by Engels who popularized it as simple commodity production.⁷ For Marx, the central point of his deciphering of simple circulation is the proof that science can only conceptualize the capitalist economy as a society of exchange, money only as a mediating medium, and capital and labour exclusively naturalistically. The consequences are considerable. In the *Grundrisse*, and really only there, Marx points out that Ricardo's theory of comparative advantage (on the basis of which the contemporary theory of foreign trade is still argued) rests on this appearance of simple circulation. Even the introduction of money as a means of reducing the costs of transactions is based on this appearance [*Schein*] of simple circulation. At the same time, and importantly, it lies at the basis of the entire media theory in sociology – and Habermas himself points out that all media are developed in structural analogy to the medium of money.

Money as medium

In 'Reconstruction ...', capitalism was still an explicit topic. This is no longer the case in the *Theory of Communicative Action*. Habermas focuses instead on systems-theoretical ideas and the media of money and power. He fails to appreciate that, in doing so, he reproduces the entire world of ideas that is based on the appearance of simple circulation. Let us have a closer look at the two media of money and power.

Habermas praises Parsons for his brilliant idea of introducing media as mechanisms of integration into his systems–theoretical construct. He criticizes Parsons for his over-generalization of the concept of media. Habermas emphasizes that Parsons' conceptual point of departure for his theory of media can be found in economics, and that Parsons developed the entire conception of media in structural analogy to the medium of money. Habermas then separates this structural analogy – although only in terms of the medium of power – on the basis of his own concept of society as comprising a unity of life-world and systemic integration. Although he accepts that this first generalization (of power and money as mechanisms of integration) is forced, he holds on to it: 'Thus, money and power do not differ in terms of being able to be measured, circulated, and deposited so greatly that the concept of power as a medium is wholly without value.' (Habermas, 1981b, p. 403). This section focuses thus on the money medium.

Habermas develops the adopted concept of media differently from Parsons. His point of departure is the theory of language, specifically, of language as a medium of action-co-ordination. In all system–theoretical conceptions the medium must be introduced for theory-immanent reasons. In a theory of society like Habermas', however, in which systemic integration is developed out of an action–theoretical context, the co-ordination of the system is conceived as a process that can run much more smoothly than the 'mastering of a situation' with the help of communicative action. Habermas thus bases his argument not on economics and commodity exchange relations. He does not sketch a theory of exchange; nor does he introduce money in terms of its economically accepted function to decrease transaction costs, and so to reduce the complexity of a multiple exchange-process; he does not conceive of value and the money form – as Marx does – in terms of the social relations of production and thus does not develop them from this reproductive structure. Rather, the money medium is conceived abstractly, that is in terms of what it is required to accomplish as a 'substitute for certain linguistic functions' (*ibid.*, p. 393).

What is meant by 'media'? Becker and Ritsert (1989) have characterized this – media – aspect of Parsons' and Habermas' theory with reference to Nietzsche's well-known phrase 'happy science' [*fröhliche Wissenschaften*]. Completely without reflection, and lacking academic seriousness, this concept was borrowed from a scientific discipline whose polished dogmatism they both mistake for a high level of intellectual maturity. Whereas Parsons repeats, completely uncritically, neo-classical ideas about the monetary medium, Habermas adjusts, as far as that is possible, these ideas to his conception of language as the

medium of action-co-ordination. In the life-world, communicative action raises the claims of validity in each action situation. These 'validity tests' make it possible to produce a commonly agreed situation-definition and only when agreement has been reached, can one action logically follow from another. However, with the introduction of a medium, this aspect of linguistic co-ordination is no longer necessary. This also means that the problem of failed understanding no longer obtains as an issue. The entire rationality-potential of language, which rests on the requirement of raising validity claims, recedes into the background; only a few features of language, such as 'the symbolic embodiment of semantic contents' or the 'structure of raising and realising claims' (*ibid.*) are 'simulated' by media.

Habermas relies in his account on Parsons. Yet, at the same time, his argument moves within an area of economics that today is practised only by careless economists. Habermas postulates that the medium is so constituted that it can be: measured; sold for various amounts; and saved. It must 'embody measurable amounts of value' that can 'circulate'; these 'amounts of value' or even 'masses of value' must be depositable in banks. And finally, this medium makes 'reflexive amassing' possible – as capital.⁸

Habermas argues neo-classically: not commodities, but goods are exchanged; it is not buying or selling that takes place, but exchange; value equals use. Disregarding the internal economic critique of the quantifiability of use, he immediately conceives of value as an amount of value, which can be circulated, saved, and deposited. Habermas has no idea that he reproduces here the repressed metaphysics of this entire discipline. He does not reflect on which category of value he assumes in each case, but moves uncritically between subjective and objective value-categories; nor does he find problematic concepts like 'measurable amounts of value' or depositable amounts of value.⁹

Habermas' neo-classical conceptualization of economics has, of course, consequences for his theory as a whole. The idea of an economy based on simple circulation repeats in modified form the absolutized individualism of classical economics, whether as methodological individualism, or as generalized strategic action which has no longer anything in common with the ugly class-society of capitalism. Habermas' understanding of the systemic integration of action is, in its specific fundamental concepts, harmless – it has no bite. That this is so is, again, not surprising. I have already emphasized that Habermas seeks to differentiate between the evolutionary advantageous integration level of an economic subsystem that is mediated by money and its

class-specific form of institutionalization. The monetary medium in this (theoretically presupposed but unexplained) 'relation of tension' is likewise 'innocent' – as is supposedly Marx's concept of the forces of production in capitalism, which in their material-technical structure are also seen to be suitable for socialist societies. Analogously in Habermas' theory: his version of the rational society is characterized by the reversal of the colonization of the life-world; that is to say, the money medium (like the medium of power) would be forced back into those areas where it occupies its legitimate function as a systems-integrating medium, and in the now vacated areas – that is, where action co-ordination is inevitably dependent on linguistic consensus-building and on the rationality potential of language – communicative action will be re-established. Typically, Habermas does not mention the relations of production – he is concerned only with the way in which his theory of action allows the legal institutionalization of the medium money. 'Relations of production' are considered politically malleable; and finally capitalism is characterized exclusively in terms of its 'overburdening of the monetary medium'. This allows Habermas to retain the 'evolutionary advantageous integration level' which, for him, is characteristic of a thoroughly differentiated society. In short, his characterization of capitalism allows him to disregard the drawbacks of a 'class-specific form of institutionalisation'.

Habermas himself admits that he is not much of an economist. He is therefore not in the position to say what is to be understood by his notion of pushing back the 'overburdened monetary medium'. The sole essential feature of his new critical social theory is that money should be driven out of the domains of understanding-oriented action where, because of its integration mode, it has no business being. For this reason, Habermas (1984, p. 569) talks about the 'overburdening of the monetary medium'. One should not discount the possibility that Habermas has wide-reaching institutional changes in mind here, even if statements to that effect are as elusive as the proverbial needle in the haystack.

Personally, I no longer believe that a differentiated economic system can be transformed democratically from within in accordance with the simple recipes of workers' self-management. The problem seems to be rather one of how capacities for self-organization can be sufficiently developed in autonomous public spheres for the goal-orientated processes of will-formation of a use-value orientated life-world to hold the systemic imperatives of economic system and state apparatus in check, and to bring both media-controlled subsystems into

dependence on life-world imperatives. I cannot imagine that this would be possible without a *gradual abolition of the capitalist labour market*, and without a radical-democratic implantation of political parties in their public spheres. The secondary, although in no sense trivial, question then arises of how, under such altered initial conditions, plan and market are coordinated with each other, how their relative weights in the interaction of state and economy can shift. This would be difficult for me to anticipate, even if I had a better knowledge of economics. (Habermas, 1985, p. 255; author's emphasis.)

With the gradual abolition of the capitalist labour market – and this is simply another formulation for the abolition of the private ownership of the means of production – capitalism would be robbed of the conditions of its existence; and it might still be possible to develop a classless society in which the life-world, in the form of a radical-democratic republic, would achieve ever greater significance at the expense of the increasingly marginalized systemic integration. The pre-condition for such a development is, of course, the mature citizen who, schooled in this ongoing discourse, is able both to articulate his interests in the public sphere, and engage in the corresponding democratic legitimation process, which a thoroughly rationalized legal process [*Rechtsetzung*] involves.

Democratically constituted opinion- and will-formation depends on the supply of informal public opinions that, ideally, develop in structures of an unsubverted political public sphere. The [informal] public sphere must, for its part, enjoy the support of a societal basis in which equal rights of citizenship have become socially effective. Only on a basis *that has emerged from the confines of class and thrown off the millenia-old shackles of social stratification and exploitation*, can the potential of an unleashed cultural pluralism fully develop. (Habermas, 1992, p. 374; author's emphasis.)

In sum, Habermas' concept 'system' is essentially a loose category within his theory. He conceives of the system as something that has always to be pushed back out of the life-world; but it can never be abolished. Were that to happen, as he says, the evolutionary advantageous integration level would likewise disappear. His basic conceptualization, i.e., the concept of money as medium, takes this into account: the political notion of a gradual decolonization of the life-world is based on the idea that the media are neutral. This implies a concept of society whose

central category is that of intersubjectivity. The older Critical Theory, in contrast, put the concept of social objectivity at the centre of its understanding of society. The conceptualization of social laws depends, of course, on an understanding of social objectivity. When Habermas takes note of capitalist crises, he has to limit himself to empirical observations; his basic concepts fail to supply theoretical explanations. The harmlessness of his concept of 'medium' is constitutive for his theory which, in contrast to Marx's concept of 'capital', no longer allows the development of an objective concept of exploitation. This harmlessness also relegates the foundation of political demands to the area of the 'just' distribution of wealth. The relations of production remain taboo.

Legal theory

This section returns to Habermas' central category: the legal form. He develops this category along the same theoretical lines, and with the same analytical tools, as his conceptualization of the medium money. This allows him to shape his central category in a much more precise way than in his early work. In addition, and importantly, his theory is designed to safeguard the 'existence of the legal system'. He provides, in fact, theoretical 'guarantees' against threats to its existence. Indeed, for him, the possibility of an autonomous legal system is an exciting prospect. No wonder, then, that all his hope focuses on this. The discursive reason that he sees incorporated in positive law, implies for him a potential for rationalization which in a certain sense propels the modern state of law (*Rechtsstaat*) beyond itself. In contrast to Adorno's and Horkheimer's 'Dialectic of the Enlightenment', Habermas' 'Dialectic of Rationalization' points to a brighter future: because the law's mode of validity [*Geltungsmodus*] entails the rationally motivated recognition of normative claims of validity, there exists the possibility that rational arguments can explode the legal form in which they have hitherto taken place. Habermas had attempted to demonstrate this paradigmatically in his study on civil disobedience,¹⁰ and later he transferred this notion to the legal system as a whole. As Habermas (1992, p. 599) puts it:

a legal system does not acquire autonomy on its own. It is autonomous only to the extent that the legal procedures institutionalized for legislation and the administration of justice guarantee impartial judgement and provides the channels through which practical reason gains entrance into law and politics. There can be no autonomous law without the realization of democracy.

It is easy to be misled here by his decidedly unphilosophical terminology. What he proposes is, in fact, a most ambitious programme. In places even the Hegelian critique of the philosophy of understanding [*Verstandesphilosophie*] shimmers through; as for instance when he postulates a necessary internal connection between human rights and popular sovereignty [*Volkssouveränität*], or when he claims that there is an inner connection between democracy and the state of law [*Rechtsstaat*]. As long as philosophy argues from within the constraints of the philosophy of consciousness – so runs Habermas' criticism – it has not only to pose human rights and popular sovereignty as two opposing rights but, also, to render absolute one or the other. Yet, Habermas argues, these two rights are internally related. They belong together. What needs to be done, then, is to go beyond their respective limitations – limitations that are internal to each – in order to explicate in a stringently conceptual manner the 'rational unity' of human rights and popular sovereignty. Hence his critique of Kant and Rousseau. Habermas claims that such stringent conceptualization is possible on the basis of his newly acquired linguistic theory and the theory of universal pragmatism. He thus claims to be able to ground, in a discursive manner, the simultaneous origin [*Gleichursprünglichkeit*] of both rights. In other words, Habermas claims that his theory allows him to craft in precise terms the unity between human rights and popular sovereignty, a task in which all theoreticians before him failed(!). Legal theory is the goal and culmination of Habermas' theory of rationality. He claims to show how rational discursive action is already deeply ingrained in social institutions, rendering possible the emergence of a rational discursive reality. Habermas regards his legal theoretical constructions as a solution to the basic deficiency of Marxism and Critical Theory. According to Habermas, both these theories have not been able to decipher the moral categories built into bourgeois legal institutions. Both thus fail to appreciate and imagine alternative political practices. While, in other words, Marx and Critical Theory are reproached for summoning a concept of reason that points towards a world beyond capitalism, Habermas seeks a better world within the established order. Hence his critique of Marx and Critical Theory: these theories are reproached for employing a concept of reason that is without normative foundations. For Habermas, the normative foundation of the existing legal order supplies the basis for the future.

Let us look again at Habermas' Starnberger Theses. Here, the thematization of legal form is central. In contrast to the Marxist project, according to which this form would have to be developed from its base, Habermas starts out from the already 'existing forms' and attempts to

decipher the reason embodied in them. He interprets the content of these forms, in accord with Marxism, as fully functional for capitalism's systemic development. In terms of the form itself, he differentiates four characteristics: positivity, formality, legality, and especially generality. These can likewise be characterized as functional for the systemic rationality of capitalism; but because of their form they could just as easily be functionalized for different purposes – namely the gradual decolonization of the life-world from the overburdened monetary medium. His *Between Facts and Norms* suggests that much.

Habermas charges that, in modernity, traditional ethics no longer obtains in a unitary form. Instead, it is divided into modern morality and formal law. Of course, there exists a functional relationship between them. However, since they have been divided, each requires a new foundation. This is what Habermas seeks to do. Since the inherited notions of natural law have been dismantled long ago, discourse theory is the only path still available. In our context, only the foundational structure of law is of interest.

We have already noted that the starting position of the theory of communicative action is that systemic integration has to be 'anchored' in the life-world. The same holds for his conception of success-oriented strategic action. Habermas presumes (along with Durkheim, Weber and Parsons) that the stabilization of the economic subsystem cannot succeed exclusively on the basis of success-oriented action. Were this possible, an exclusively instrumental order would arise. Such an order would be very unstable and all attempts at stabilizing it would have to rely on norms. The purpose of Habermas' legal theory is to determine the nature of these norms.

Habermas (1992, p. 45) emphasizes that the historical point of departure for the modern development of law is to be found in private law which is the 'core of modern law'. The discourse-theoretical reconstruction of the rationality of law, the deciphering of reason embodied in law, must therefore begin with subjective rights:

I understand this interpenetration as a logical genesis of rights, which one can reconstruct in a gradual fashion. One begins by applying the discourse principle to the general right to liberties – a right constitutive for the legal form as such – and ends by legally institutionalizing the conditions for a discursive exercise of political autonomy. By means of this political autonomy, the private autonomy that was at first abstractly posited can retroactively assume an elaborated legal shape. (ibid., p. 154)

These lines sum up once again the entire claim of Habermas' project to supply really for the first time a theoretically consistent connection between popular sovereignty and human rights.

Let us take a closer look at his notion of legal form. In the Starnberger Theses, Habermas did not hesitate to see private law as part of modern law and modern law is characterized as an embodiment of post-conventional consciousness. In *Between Facts and Norms*, however, he is considerably more cautious. Here it remains unclear whether private law represents the legal form, or whether it merely sets-up the legal form. This ambiguity is in no way a result of definitional laxness. Rather, it is symptomatic of legal theory's systematic point of departure.

Klaus Günther, a jurisprudent colleague of Habermas (and to whom he owes, as he mentions in the Foreword to *Between Facts and Norms*, 'so much instruction' that he must almost hesitate 'to relieve him of responsibility for my mistakes'), has stressed the 'dyad of compulsory authority and private autonomy' as the most striking feature of legal form (see Günther, 1994, pp. 470–87). These characteristics are, as Günther expressly points out:

historically given ... they describe nothing but the fact that the regulation of social interaction has legal form ... If any society wants to regulate its social interactions in such a way that it forcibly ensures its citizens' adherence to legitimate norms, without in so doing injuring its moral intuitions and without excluding rational motivability altogether, then it must serve this legal form with its stated characteristics. (ibid., p. 478)

This is the point where, in my opinion, the critique must begin. The legal form that has these characteristics is assumed to be historically given. Now everything depends essentially on 1. how this legal form is developed theoretically in this specific duality, and 2. how the connection between legal form and the principle of discourse can be conceptualized. Habermas has to demonstrate that there exists a 'necessary inner connection', i.e., the principle of discourse is not externally applied to the legal form. Only when this can be shown can Habermas' claim to decipher the post-conventional form of consciousness embodied in the institutions of law be maintained.

With regard to 1.: As mentioned earlier, Habermas constructs the duality of life-world and system in an action-theoretical manner, and he conceives of system as a specific form of integration. This must be stabilized through specific norms; that is, it must be 'anchored' in the

life-world. It is worth noting that Habermas in no way develops the historically given legal form from a specifically social starting point; rather he constructs it from the premises of his basic action-theoretical concepts. He is 'looking for' particular norms that must satisfy two criteria:

According to the above analysis, the type of norms *required would have* (author's emphasis) to bring about willingness to comply *simultaneously* by means of *de facto* constraint and legitimate validity. Norms of this kind *would have* (author's emphasis) to appear with an authority that once again equips validity with the force of the factual, only this time under the condition of the polarization already existing between action oriented to success and that oriented to reach understanding, which is to say, under the condition of a *perceived* incompatibility of facticity and validity. *As we have already assumed* (author's emphasis), the metasocial guarantees of the sacred have broken down, and these guarantees are what made the ambivalent bonding force of archaic institutions possible, thereby allowing an amalgam of validity and facticity in the validity dimension itself. The solution to this puzzle is found in the system of rights that lends to individual liberties the coercive force of law. *We can then also see, from a historical perspective, that the core of modern law consists of private rights that mark out the legitimate scope of individual liberties and are thus tailored to the strategic pursuit of private interests* (author's emphasis) (Habermas, 1992, pp. 44–5).

As could already be surmised from these formulations, Habermas' procedure is analogous to his construction of the monetary medium, which, as we have seen, is developed entirely from the perspective of the linguistic co-ordination of understanding-oriented action. In his construction of the medium money, Habermas postulates that the standardized action-situation allows the neglect of specific linguistic acts. This postulate is carried over to his conception of the legal form. This form is deduced from the entire theoretical construct and is understood as the unity of autonomy, freedom, and legal constraint [*Zwangsbefugnis*]. 'On the one hand rules *must* present *de facto* restrictions that alter the relevant information in such a way that the strategic actor feels compelled to adapt her behaviour in the objectively desired manner. On the other hand, they *must* at the same time develop a socially integrating force by imposing obligations on the addressee – which, *according to my assumptions* [translation modified; German original: *nach unserer Voraussetzungen*], is possible only on the basis of

intersubjectively recognised normative validity claims' (ibid., p. 44; author's emphasis). At times Habermas appears to agree with the Marxist determination of the legal form as a unity of autonomy, freedom and legal constraint. Nevertheless, what needs to be asked here is whether Habermas – even when he appears to share Marx's insights – projects his action-theoretical premises on to an historically given legal form and that he does so merely in order to pull them out again – like the proverbial rabbit out of the hat – i.e., in order to reconstruct them rationally. The title of Günther's (1994) 'defence' poses this in a nutshell: 'A Discourse Theory of the Law', or: 'Liberal Natural Law in Discourse Theory's Clothing'.

Let us now look at our second point, the connection between legal form and the principle of discourse. The question is this: is it possible to decipher the legal form, insofar as the validity mode [*Geltungsmodus*] of rational legitimacy is concerned, as a specific form in which the same compelling unity of meaning, validity claim, and discourse can be established – just as Habermas postulates these as necessary components of co-ordination in communicative action? Since every valid norm is supposed to embody rationality, it must at the very least have passed through the filter of rational discourse, just as all substantiated knowledge comes into being through the questioning of implicitly raised validity claims. Characteristic in this context is the circular argument in which Günther gets caught when he presents the rational elements of the legal form as necessary components of this same form.

In Günther's sketch of Habermas' position, the acting subjects are both the addressees and authors of the law; they constitute the law to which they simultaneously subject themselves out of 'respect for the law'. At the same time, however, Günther, like Habermas, maintains that the acting subjects will contingently encounter the historically given legal form. How is that conceivable? Günther (1994, p. 478) breaks the matter down in the following way: '*Because the legal form cannot be derived in a discourse-theoretical manner* (author's emphasis), there is no normative necessity of any kind for subjects capable of speech and action to unite as a community under the law [*Rechtsgemeinschaft*]. Rather, the *decision to make use of* (author's emphasis) the *historically given legal form* (author's emphasis) in order legitimately to regulate social relations with the help of positive law is *entirely contingent*'. In good Kantian fashion, these actors are subjugated as empirical subjects to the world of causality, and are therefore unfree, coerced into using the historically given legal form. As intelligible subjects in the rational reconstruction, however, they can make their own decisions. 'Of course this decision is *contingent only from the perspective of discourse theory*. It is indisputable

that [this decision] is conditioned historically (and socially) by complex and improbable premises' (ibid.; author's emphasis). The discourse theoretician of legal form appears to have to seek refuge in fictitious formula. He has to suppose a fictitious society of free people in order to predicate the existence of the legal form rendering it theoretically justified. At the same time, this legal form is assumed to be an historically given. 'But when a society decides to unite as a community under the law, then it must accept those characteristics of the legal form ... Among the most prominent of these is private autonomy, the other side of legal constraint. These characteristics are historically given' (ibid.). This 'society that decides contingently' is, in the counterfactual premises of communicative action, the legal-theoretical concretization of the fiction of an ideally expanded assembly hall [*ideal erweiterten Auditorium*]. According to the postulates of discourse theory, this historically given legal form, since it contains the specific characteristics of guaranteed liberty and legal constraint, i.e. an 'embodiment of rationality', must already be a product of discourse. Günther concedes this too.

It is self-evident that the citizens, insofar as they mutually acknowledge each other as addressees of the law, are also, in a *functional* (emphasis in original) sense, already authors – just as the citizens of Hobbes' state of nature or Kant's nation of devils are *in a certain sense* the authors of their mutually granted right of liberty. For this reason even the theoretician who connects the discourse principle with legal form can observe *so to speak* from the outside that the citizens who have chosen to regulate their coexistence with the help of legitimate laws, must also implicitly grant each other the role of author of those laws, as bearers of which they mutually recognize themselves. Nevertheless, without a discourse principle it would not even be possible to recognize even from outside – not to mention from the perspective of the citizens themselves – that the bearers of the laws also must be their authors. (p. 479; author's emphasis)

As empirical subjects, however, they are only *functional* authors, i.e., they are not aware that they are the makers of *legitimate* law (in Habermas' sense); it is for the discourse theoretician to explain this to them. But is the legitimacy of law not supposed to be tied to the discourse which they themselves carry out?

This, then, is to be the basis on which the entire legal system is to be reconstructed! As we already emphasized in the discussion of the Starnberger Theses, Habermas' reconstruction of the rational content of modern law, and his deciphering of post-conventional forms of

consciousness in modern law, can only be convincing if he can demonstrate a direct connection between discursive rationality and the form of the norms themselves. For this reason the issue of the generality of the legal norm stands at the centre of Habermas' quest for rationality and this because the generality of the norm 'is connected immediately with the legitimacy of bourgeois law' (Habermas, 1976, p. 265). Does this, however, hold true for private law which is at the core of modern law and is characterized by the generality of norms. In my view, it does not. Of course, others have noticed this weakness as well; and Günther (1994, p. 479), in his exegesis of Habermas' legal theory, has had to defend himself against the contention that discourse theory had only been applied externally, from the outside, to modern law:

These characteristics of legal form may not be reified and restrictively laid down as the normative substratum of citizens' democratic self-determination process. Rather, this legal form and its characteristics now enter into a linkage with the discourse principle. And it is this which produces the system of laws (not legal form!) at first from the perspective of the theoretician, then with the establishment of the rights of political participation and of a democratic process of the formation of public opinion...based on the recommendations and decisions of politically autonomous citizens.

The problem that we are dealing with here is structurally identical to that of the genesis of the value form. When Marx announced that he was developing his critique as 'science in the German sense', he was referring to the genetic development of the money form and the other categories of political economy, that was modelled on Hegel's *Logic*. So his critique was twofold: on the one hand the genetic representation of real value forms, that is to say, of money, capital, etc. in the reality of capitalism; and on the other, the critique of economic theory, whose specific characteristic (and those of current economic theory, too) is its disregard for the genesis of its form and, in part, its complete lack of awareness of the problem as such. As Marx (1962, p. 94) puts it, 'political economy now has analyzed, albeit incompletely, value and value-amount and discovered the hidden content in these forms. But not once did it raise the question as to why this content took that form.' Marx also describes these forms as 'objective forms of thought', subjective-objective categories, forms of unity that result naturally from relations between human beings, but that cannot be traced back to conscious-intentional action. Rather they are constituted in and through human action. At the same time, from the perspective of the acting

individual, they appear as something given [*vorgefunden*]. The core problem of Marx's critique is this: how is it possible to understand the circumstance that human action is constitutive action at the same time as human beings appear to be ruled by already existing abstractions. In his *Logic*, Hegel had already anticipated this problem in terms of the unity of positing reflection and external reflection.

In academic economic theory – regardless of which value theory it favours or whether, in neo-Ricardian fashion, it renounces theory altogether – money is 'derived' as the reduction of transaction costs. From Marx's perspective, however, derivations such as these are only fictional derivations – they represent the historically given money form as the result of the intentional action of participants. Such 'theory' misses its target: the element of universality and unity that the money form represents cannot be traced back to intentional or rational behaviour. Economics is not technology.

The same assessment holds for the legal form. It is constituted by individuals who, at the same time, encounter it as something already given. Günther expressed this quite clearly, without however being aware of it: people must make use of the *historically given* legal form; at the same time as they are its *functional authors*, since the people have also to be the creators of this form. Legal form is 'in itself' – as Hegel would say – a form of unity. And in my opinion Habermas seeks to grasp this conception of the unity and universality of the form itself when he postulates an internal relationship between validity and discourse. Discourse ought to constitute this moment of universality and unity – but how can this be, since legal form already shows this constitution prior to all discourse? It is this moment of the unity and universality of legal form, and indeed of subjective private law, that Hegel links with the concept of general will, and which Kant defines as the moral moment of law, as the 'universal law of freedom'. But even Kant and Hegel begin with the already-constituted form as a 'fact of reason' (Kant); Hegel's genetic developments in the philosophy of law are therefore only fictional derivations.

But how might the genesis of this form be conceived? There are hints in Marx's early work, above all in the *German Ideology*. The starting point for Marx's argument is the perception of a particularly formed interest situation [*Interessenlage*] in bourgeois society, whose treatment is comparable to that of the money form in his critique of political economy. At times he presents his treatment in rather drastic formulations:

The attitude of the bourgeois to the institutions of his regime is like that of the Jew to the law; he evades them whenever it is possible to

do so in each individual case, but he wants everyone else to observe them. If the entire bourgeoisie, en masse and all at once, were to evade bourgeois institutions, it would cease to be bourgeois – a conduct which, of course, never occurs to the bourgeois and by no means depends on their willing or cunning. The dissolute bourgeois evades marriage and secretly commits adultery; the merchant evades the institution of property by depriving others of property by speculation, bankruptcy, etc.; the young bourgeois makes himself independent of his own family, if he can by in fact abolishing the family as far as he is concerned. But marriage, property, the family remain untouched in theory, because they are the practical basis on which the bourgeoisie has erected its domination, and *because in their bourgeois form they are the conditions which make the bourgeois a bourgeois*, just as the constantly evaded law make the religious Jew a religious Jew. This attitude of the bourgeois to the conditions of his existence acquires one of its universal forms in bourgeois morality. (Marx and Engels, 1962, p. 163f; author's emphasis.)

What Marx sketches here is a structural peculiarity of the bourgeois relations of reproduction based on the division of labour – a structure in which everyone is dependent on everyone else, and each person can only reproduce himself inasmuch as all others become means for him. On the basis of this initial situation, each person is endowed with two contradictory interests: each individual can only pursue and realize her own particular interests when her conditions of reproduction, which are identical to those of everyone else, are accepted, respected, and recognized by everyone else. But each individual is like all others, so that from the start everyone has two hearts beating in her breast: she has a particular will and at the same time shares with all others a will in which they all are united, which is common to all [*allen gemein*] i.e., is universal [*allgemein*]. This 'will common to all' refers to the preservation of life-conditions that are 'common to all', and that are the condition through which particular interests are realized.

The individuals who rule in these conditions – leaving aside the fact that their power must assume the form of the state – have to endow their will, which is determined by these definite conditions, with a universal expression as the will of the state, as law, an expression whose content is always determined by the relations of this class, as the civil and criminal law demonstrates in the clearest possible way. Just as the weight of their bodies does not depend on their idealistic

will or on their arbitrary decision, so also the fact that they enforce their own will in the form of law, and at the same time make it independent of the personal arbitrariness of each individual among them, does not depend on their idealistic will. Their personal rule must at the same time assume the form of average rule. Their personal power is based on living conditions which in their development are shared by many individuals, and the continuation of which they, as ruling individuals, must preserve in opposition to others while at the same time maintaining that they hold these conditions to be for the good of all. The expression of this will, which is determined by their common interests, is the law. It is precisely because individuals who are independent of one another assert themselves and their own will, and because on this basis their attitude to one another is bound to be egoistical, that self-denial is made necessary in law and right. (ibid., p. 311)

This is not, of course, a satisfying theoretical development of the legal form; but Marx does show the way forward. Two aspects are essential: one is the historically produced egoistic mode of action, which can only be realized when each individual respects and recognizes the conditions for reproduction that are common to all. Thus everyone is simultaneously both a particular and a universal. As a universal, she is the abstract proprietor; and in this definition she is identical to, undifferentiated from, all others. And this universality and unity of all people is posited for itself and maintained by the threat of coercion – as a universal will existing for itself – as the law, that guarantees private autonomy and that is equipped with the power of legal constraint. The individual then of course can also act out of 'respect for the law' because it is in the law that her universal will, which is identical with that of all others, is incorporated, without her having, as author in a discourse, given her consent. She is, as Günther declares, a 'functional author', and can then, of course, act strategically as well – like the 'religious Jew' in the above-cited passage of Marx.

At the same time, and this is the second aspect, Marx emphasizes that the reality of this egoistic action is founded on the existence of class. The reality of bourgeois society is not that of the simple 'exchange of goods', but the appropriation of a surplus product in the form of values, and the maintenance and expansion of these values. So when the discussion turns to 'amounts of value' that are circulated, stored, and even expanded, then Marx is always focusing on abstract objective value; and not on 'contemplated' value (as Marx puts it in the *Grundrisse*), but

rather on the enduring total value [*Gesamtwert*] which in its existence is 'preserved' by the permanent extraction of surplus labour from the working class.

The reality of egoistic action, its form and content, cannot be divorced from the relations of production. Were one to do that, one would have either to declare it absolute in an anthropological naturalistic manner, or espouse it as a success-oriented strategic action, elevating egoistic action to an ahistorical theoretical construct. In both cases, the notion 'relations of production' would be negated and therewith dismissed in an *a priori* manner as the proper foundation for the understanding of egoistic action. It is questionable whether Habermas' basic conceptualization, the categorical distinction between understanding-oriented action and strategic action, is able to recognize the circumstance that the communal conditions of reproduction represent the condition of the possibility of strategic action. Concerning strategic action, there is no doubt that we find, in the act of exchange, a silent symmetrical recognition of liberty and equality. There is, in other words, a reciprocal, as yet abstract and unintended positing of the participants as private owners of property.¹¹ This insight would, of course, be entirely comparable to the Habermasian construction of the 'symmetrical premises of communication' in the ideal speech situation. Yet, for Habermas the ideal speech situation takes place only in understanding-oriented action. The fact, however, that this reciprocal relationship of recognition can be expressed as legal form (in private law) and acquire *de facto* validity, is founded on the existence of a labouring commodity: the working class. Characteristically, in defining the norms of autonomy and legal constraint [*Zwangsbefugnis*], Habermas does not even begin to consider the really existing antagonism of interests. Instead, he focuses on their institutionalized form. According to Habermas, it is only within the confines of a developed legal form that one can act strategically.

Where, for the discourse theoretician, do these equal, individual rights originate? The actors – according to Habermas and Günther – find legitimate law as given in the legal form. They did not contribute to its creation as conscious beings but merely as functional authors. These authors create equal subjective law and they do that automatically and without any prior consideration about the meaning and substance of this equality. Does the legal form entail equal subjective rights, or have the discourse theoreticians projected these into the legal form?

The principle of discourse moreover also brings to light yet another implication of the decision to regulate coexistence according to

legal form: there must be equal rights to individual liberty. Only when a reciprocal change of perspective is possible for them, can those who correspondingly should restrict their individual liberty come to see that coexistence in individual liberty is possible only in the form of an equal right to liberty (with equal rights to realize that liberty). These conditions, and with them the insight into the necessity of an equal distribution of the right to subjective freedom, are first made explicit through the principle of discourse. (Günther, 1994, pp. 479–80.)

It is the principle of discourse – and not the relationship between the owners of private property – which it seems has to be deciphered as the 'in itself' of equal subjective rights. For Habermas, the principle of discourse, anchored as it is in universal communicative premises, allows us to understand why equal rights entail subjective freedom. For Habermas, this is the way it has to be. The central bourgeois principles of liberty, equality and justice are not allowed to result from the relations of production or exchange. Rather, Habermas has to look for their origin in the universal premises of communication. On this basis, he is able to argue that democracy has proven itself to be the realization of universal reason.

Given his theoretical framework, Habermas is not able to ask whether the *a priori* character of the ideas of freedom, equality and justice might possibly be connected with the bourgeois relations of property. I have already shown the circularity of thought in his theoretical starting position regarding the rational reconstruction of law. This is neither surprising nor coincidental. The entire line of political philosophy from Hobbes, through Rousseau and Kant, to Hegel, approaches legal form in the same way as economics assumes the money medium and other categories. That is, the legal form is approached as if it were merely an existing form (*daseinde Form*) and for this reason, the approach has always to presuppose human beings as legal subjects. This presupposition of the human being as an *a priori* legal subject can take different forms: a person in the state of nature may be endowed with so-called natural rights (whereby the characteristics of legal form are given as the natural rights of presocial individuals); or, with Kant, the law may be defined as the totality of conditions in which the arbitrariness of each individual, according to a universal law of freedom, is in harmony with the arbitrariness of all others. In this way, the individual finds the universal law of freedom itself given as a 'fact of reason'.

It is amazing that Habermas, not even in his theory of law, does not engage in any meaningful way with Hegel. Even more amazing is that

he does not deal anywhere in expressive and precise terms with the notion 'abstract law' itself. He employs this notion in the Starnberger Theses, but it does not reappear in his later work on legal theory. Yet, he proposes that practical reason, that is, post-conventional structures of consciousness are embodied in law. The postulated generality of the legal norms is understood an essential characteristic of the rationality of norms. This rationality, according to Habermas, is closely connected with the legitimacy of modern law. This raises the question how the the relationship between the generality of the norm and the form of abstract law is to be understood. It is obvious that Habermas' central thesis – that ideas are 'embodied' in norms – is drawn from Hegel; so it is even more remarkable that he never even sketches how his concept of embodiment differs from Hegel's notion of objectification. The lack of any conceptualization of 'abstract law' is very curious indeed.

Let us take a quick look at Hegel's *Philosophy of Right*. In the addendum to para. 71, where he thematizes the transition from property to contract, Hegel (p. 242) adds: 'In a contract I hold property on the strength of a common will; that is to say, it is the interest of reason that the subjective will should become universal and raise itself to this degree of actualization. Thus in contract my will still has the character of *this* will, though it has it in its community with another will. The universal will, however, still appears here only in the form and guise of community.' Like Habermas, Hegel ties reason to legal form, so that the general will can represent itself as general will. The subjective will should become universal will; but it initially becomes so only as common will. At the same time, however, it already is, in this form of commonality, a general will – if at first only in itself.

The above leads to the understanding that even common will in a contract is not adequate to the notion of the universal will. In his handwritten remarks to para. 81 and in the addendum, Hegel speaks therefore of the communal will as an 'arbitrary universality'. Why? The positing of an 'identical' will in a contract means that the two contracting parties are 'indistinguishable'. The contract demonstrates an 'immanent universality' precisely as the indistinguishability of two wills, which Hegel referred to in a handwritten addendum (to para. 79) 'the will that with another is posited as one'; the contract is 'the unity of different wills and thus a unity in which both [parties] surrender their difference and also their special characters' (para. 73). There arises, then, a new form of unity. This form is brought about exclusively by communal positing and it receives its validation beyond the immediacy

of the communal positing. As long as the contract exists in immediately communal terms, however, this specific quality of 'immanent generality' remains tied with the specific content of the contract. The universal aspect of the contract emerges as such only gradually, i.e. it becomes conscious through its negation. The specifically legal character, then, constitutes itself unconsciously.

In his handwritten addition to para. 81, Hegel argued: 'what is bound and what is binding – in the will of both – is that in it there is a being-in-itself – the law in itself – i.e., the existence of the will as such – in the contract both have alienated not only their particular wills, but also presupposed that what is valid, the existence of the will in general – what is the law in this situation – this is the inner essential condition – breaking the contract, the failure to perform, is entirely against the law'. This will is lawful because it *ought* to be valid; and validity means that it is binding. This is one of the conditions that are involved in communal positing without the participant being entirely and immediately conscious of that fact. It enters into the consciousness of the actors as injustice. Now the character of generality, that is the generality of law, comes to consciousness. In the contract, the principle of law in itself is present as something posited, and its inner universality is there as a commonality of arbitrariness and of the particular will. This appearance [*Erscheinung*] of law, in which it and its essential existence, the particular will, correspond immediately, i.e. fortuitously, is next transformed 'into an opposition between the law in itself and the particular will' (para. 82). What we find here is that 'arbitrariness' is subsumed [*aufgehoben*] into the universal will. There arises, then, a new problematic. Insofar as the particular wills are 'subsumed'; or with Habermas: 'embodied' in this single will, their various contents that are presented in this form, obtain now only as particular contents of contract. The constitution of this form, a form of unity, entails an inversion: the particular content appears now only as an example, and presents itself as a particular application of the contract: the unity of the form presents generality which includes all particularities. The validity claim – law ought to be valid – is internally connected with the abstract form of law, its generality and universality. This form, then, appears itself as something universal, something unconditional – what is right [*das Recht*] ought to be valid.

Let us leave behind Hegel's speculative representation of legal development, and focus instead on some extractable individual motives. What is worth noting, though, is that there are remarkable parallels to

Habermas' method of rational reconstruction. For example, the validity claims raised in every speech act entails universality and this can not be otherwise since it is the basis of all discourse theory. Yet, when the validity claim is raised, the possibility exists that universality becomes a conscious issue and the same holds for the claim of intersubjective validity. This then is the beginning of discourse. The identical structure in Hegelian/Habermasian argumentation is underscored by Hegel's remark in the addendum to para. 86. Just as in the case of an unintentional injustice, universal rightness is respected and willed by both, and the wrong consists merely in a person 'holding what he wants [for what] is right'. Just as the principle of rightness [*das Recht an sich*] comes to consciousness as something universal, so in the judgment 'a rose is not red' it is recognized that 'it has a colour. Hence I do not deny the genus; all that I negate is the particular colour, red' (Hegel, 1965, p. 245). The validity claim is accepted as such; both participants in the discourse agree that the truth ought to be found; only the individual statement is called into question. This situation is different for Hegel in terms of his concept of fraud, and for Habermas, in terms of strategic action. With fraud, the law itself is negated, but simultaneously still maintained as appearance (*Schein*). 'The principle of rightness is characterized as something demanded, as the essential thing; yet in this situation it is still only something demanded [thus] the universal is set aside by the particular will and reduced to something only showing [*einem Scheinenden*]' (para. 87). The actor acts strategically when he treats the validity claim as mere appearance (*Schein*); that is, when he presumes validity claims in communicative action, objectifies this premise, and at the same time maintains it only for the sake of appearances. Habermas does not see these parallels; or at least he does not bother to mention them, for were he to do so, he would have to rethink his entire theory.

The form of contract law and, proceeding from it, the construction of property in private law, which Hegel conceives of as 'general will', result from the arbitrary behaviour of the participants. Yet, the specific form of the positing of both unity and universality, constitutes the objectivity of a form that contains an unconditional demand for validity and that is recognition. The form of law can thus not be interpreted as the result of the subjective intentions of the multitude. Rather, the law has to be recognized, that is, obeyed.

Habermas' point of departure is strategic action, that is, the arbitrary behaviour of the participating actors. His argument implies that formal law can come into being only on the basis of universalizable interests. These can be discerned and made precise in discourse (regardless of

whether they are already legally organized). For Habermas there can be no such thing as an interest that is predetermined as universal. This is in contradistinction to Marx. For him, the bourgeois relations of production entail that the totality in which the human individual moves and acts, is determined action and this determined action takes place inevitably in exchange where all actors are connected with each other through mutual respect and perception. In short, the conditions of social reproduction are common to all. The positing of the form of contract is the core of modern law. The further development of this form of contract and its elaboration in the law of property and inheritance, etc., posits conditions of exchange that are implicitly recognized in any exchange as the expression of the universal will, which at the same time is equipped with the power to sanction. The claim that the law ought to be valid unconditionally is reinforced by the state's power to sanction. But this does not take place in legally organized discourse; it is rather the work of jurists and state authorities. For Habermas, the form of law is conceived as something that is not only universally applicable but also in the universal interest of everyone. Really everyone?

Of course not everyone! Equipped with the category of strategic action and money as medium, Habermas' innocuous action-theoretical conceptualization works within the parameters of economic thought where money is attempted to be derived as a reduction of transaction costs(!). If one would still wish to consider this sort of thing theory, then Marx's critique, in the *Grundrisse*, of the 'appearance of circulation' might be a good guide for understanding the theoretical appeal of such wonders. In the reality of bourgeois society, however, we have to deal with commodity capital, industrial capital and money capital; contracts are concluded among property owners who have as their primary goal the realization of a profit margin – hardly a pleasant matter. And these infinitely many contracts between the owners of the means of production are made possible by the infinitely many contracts with those who are free to sell their labour power: the workers who produce surplus value. But on the surface of society, as Marx calls it, all appear as contracting parties, as persons, as exchange-participants – and not in their character-masks as members of their respective classes. The contents of contract, however, are conditioned by the existence of classes. In the reality of bourgeois society, we will always have to deal with actual contracts in which for this reason even arbitrariness and the general will – in Hegel's words – coincidentally concur.

In his concept of general will, Hegel not only translated Rousseau's *volonté générale* into German, but also sought to grasp the moment of

the supra-individual, that is, the moment of unity and universality that cannot be traced back to the intentionality of all (that would be the *volonté de tous*). Just as each specific commodity contains use-value and exchange value – both unity and multiplicity – so too the agents in the act of exchange: as owners of value they are indistinguishable and posited as equals – a unity; as the possessors of concrete things, they comprise a multiplicity. Modern theories of natural law as well as those of sovereignty wallow around in categorial unconsciousness within this pre-given constellation; they posit in advance people as always already equal and free legal subjects, and as contracting parties, but can only conceive of political forms as something that is the result of intentional action. Habermas' espousal of what he calls the 'self-understanding of modern legal theory', conceives of sovereignty and human rights through the lenses of a deliberative radical democracy. Habermas tells us more than he is conscious of: the self-proclaimed heir to critical theory practises exactly that for which critical theory reproached traditional theory.¹² Habermas shares, with traditional theory, the inability to thematize and to develop genetically the actual forms of bourgeois society. Insofar as Habermas is a critical theoretician, he does not connect his theory to reality; insofar as he connects it to reality, his theory is not critical – a twice half-baked theory.

Notes

- * This chapter is translated from German by William Martin and Joseph Fracchia.
- 01. All quotes from Habermas and Marx are based on the German texts.
- 02. Habermas in an interview with the editors of the journal *Ästhetik und Kommunikation* on the occasion of the publication of his *Theorie des kommunikativen Handelns*. Published in Habermas (1985, p. 176).
- 03. See also 'Vorlage für eine institutsinternes Seminar', in Habermas (1976, pp. 260ff).
- 04. An instructive formulation from his *Theorie des kommunikativen Handelns*, (Habermas, 1981a, p. 9).
- 05. See note 2.
- 06. 'The contradiction between the means of production and private property is the product of big industry. For the creation of this contradiction, industry has to be most developed' (Marx and Engels, 1962, p. 66).
- 07. There is no doubt that Marx tried to hide his 'dialectics' in *Kapital*. On this: Reichelt (1995).
- 08. See the account in Habermas (1981b, pp. 263f).
- 09. See Backhaus (1997) on economics as a secret metaphysics.
- 10. See his 'Ziviler Ungehorsam – Testfall für den demokratischen Rechtsstaat', in Habermas (1985, pp. 79–117).

11. On this see Marx (1953, pp. 153–61).
 12. On this see Horkheimer (1992).

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Part III

Critique and Practice: The Possibility of Emancipatory Change Revisited

6

The Disappearance of the 'Socialist System': Failure or Confirmation of Marx's Views on the Transition from One Form of Production and Society to Another?*

Maurice Godelier

1. The notions of 'process' and 'period' of transition

The expression 'period of transition' is used to designate a particular phase in the evolution of a society: that phase in which a society encounters progressively greater internal and external difficulties in reproducing the economic and social relations on which it rests – relations which give it both a functional logic and specific forms of evolution. At the same time, it is during this phase that new economic and social relations appear that will expand, more or less quickly and more or less violently, to become the conditions for the functioning of a new society.

From this rough definition, we see immediately that periods of transition constitute moments of exceptional importance. They represent the moments at which the relations of production, modes of thought and forms of individual or collective action come up against limits, whether internal or external, and begin to crumble, to show cracks, to lose their social relevance – though they may in some cases stagnate in a lesser, subordinate position for centuries before dying out of their own accord. Most often, however, their subordination and disappearance is accelerated through the action of social groups that desire the development of other means of thought, action and production.

To analyse the processes and periods of transition, then, is to confront the pivotal moments of history: those moments in which, more clearly than at other times, history is *created* or *summed up*. On a theoretical level, such an analysis requires the mobilization of all the social

science disciplines – which in turn find themselves confronting the limits of their own capacities for interpreting history.

Undoubtedly, when dealing with processes which began or ended centuries ago, historians and their discipline are of primary importance. By contrast, when dealing with contemporary human social relations, each of the social sciences – economics, ethnology, sociology, demography, etc. – is in a position to approach the tasks of analysis in its own manner. Yet as soon as a statement of synthesis is to be attempted, none of these disciplines can be satisfied with its own resources. Each borrows both hypotheses and results from the others. Ultimately it is perhaps history which proves itself the least refined of all these disciplines, since its stated goal is only to offer syntheses of what we already know about societies that have succeeded one another in the *past*, and to provide an explanation for that chain of succession.

To analyse the processes of transition means to attempt to evaluate the roles played respectively by chance and by necessity to account for the appearance and disappearance of the diverse social formations that have succeeded one another over time. One has to assume that the nature of the social relations that exist within a society at a given time, and that impart to society an original functional logic, is not entirely accidental. That functional logic is present as much in the conduct of the individuals and groups that make up that society as in the effects, local or global, short-term or lasting, that these actions have on its reproduction. One can thus assume that, to a large degree, the functioning of societies creates 'systems'.

Such an analysis also presumes, however, that not everything in the evolution of a society is *necessary* or predetermined – and hence that there are many ways of interpreting the events and problems which occur in that society. This indicates moreover that the overall compatibility among the diverse social relations making up a society is only partial and provisional; that it does not exclude the existence either of contradictions within these relations, or of conflicts of interest between the groups and the individuals that personify them. In short, in undertaking an analysis of the process of transition between societies of differing logic, the social sciences must confront problems analogous in a certain sense to those encountered by the natural sciences – in that they must attempt to account for the appearance of new structures and new forms of organization, whether living or inanimate.

Scientific work must of course confront not only the objective limits of its instruments of analysis but, also, the subjective effects of ideological overinvestment which this type of problem provokes in each of us.

The evolution of life forms, and the succession of societal forms: do these possess a definable logic or sense? Is there only one way to understand them, or several – or perhaps none at all? And if they are comprehensible, then with reference to what mechanisms, contingent or recurrent?

Despite the difficulties, researchers have continually undertaken this type of research. Since the beginning of the nineteenth century, we have been studying the origins of the capitalist mode of production and exchange, as well as the conditions that led to the primitive accumulation of capital. From Marx to Weber the debate has continued – relaunched in 1946 with the publication of Dobb's *Studies in the Development of Capitalism*, a book that gave rise to a vast international discussion, the essential contributions of which have been assembled in Hilton (1976). Since 1979, three thick volumes by Braudel have also been added to the discussion.

Similar questions have long been posed concerning the lengthy period of transition from Greco-Roman Antiquity to the Middle Ages. Again, interpretations vary and works accumulate – from Gibbon's *History of the Decline and Fall of The Roman Empire* to Anderson's *Passages from Antiquity to Feudalism* (1974), by way of Dopsch (1918–24), Weber (1924), Rostovtsev (1926, 1941), Jones (1964) and of course Bloch, Duby and Finley. But here the difficulties seem to magnify, since the transition to a feudal society also appears to have resulted from the coming together of two worlds, the Germanic and the Roman – and, on the basis of still scarce sources, we have to evaluate the real role of the Germanic invasions in this process. A third (though not final) example brings us once again to historical periods and problems of a completely different nature: namely, to the example of research undertaken over the last few decades by archaeologists attempting to reconstruct the passage from the classless societies of the Neo-lithic era to the first forms of class-based or caste-based societies, which seem to have been associated, in the ancient Middle East, China or America, with certain forms of agricultural development and animal husbandry.

2. The passage to socialism. A process condemned to fail?

We have recently been witness to several phenomena: the general dissolution of the so-called 'socialist' form of economy and government imposed in Central Europe after World War II by Communist parties under the control of the USSR; the disappearance of socialism in the

very country which gave birth to this type of regime – *after* a revolution which had been the source of so many hopes; and the ominous cracks in Mao's China, portents of equally great cataclysms to come in Asia. All of these events show that we are living through one of those exceptional moments, in which history leaves behind all the outdated ways of thinking, the dead and condemned forms of social organization. In short, there is the impression that we are living through the end of an epoch, the end of Communism – and of course, the end of the entire system of thought which set forth the principles of that age – the end of 'Marxism'.

Most striking of all is not the speed with which the main pieces of this system collapsed one after another like a house of cards, but that the system in fact lasted such a short time (66 years at most); and that nothing great, nothing even very important seems to survive it. Yet in the eyes of laudatory partisans and fierce enemies alike, this had been a colossus destined to last. Unlike Nazi totalitarianism, which was destroyed by military force, post-Stalin totalitarianism was predicted to have a long future yet – on the condition that it refrain from direct, military attack on 'the capitalist camp'. In addition, the failure of the Khrushchev-style reformers show that it was equally impossible to reform this system from within, and hence was it not futile to desire it? The reforms failed; the colossus fell. It had in fact already decomposed, though no one knew it. In this sense it was completely unlike the ancient 'slave society', which decomposed for centuries before disappearing fully – and even then it left behind a legacy of ideas, artworks and institutions which would serve once again in the development of the West, beginning in the sixteenth century. This transition could better be compared – and here, irony of ironies, we recall an example dear to Marx – with the failure of the Carolingian reforms. There an attempt was made to revive the great estates of antiquity, and that at a time when the increase in the number of small and medium-sized holdings was directly responsible for advancements in agriculture.

The example is somewhat inadequate, for Charlemagne's reforms had nothing in common with the ambitions of the Bolshevik revolution – the founding of a classless, democratic society. The circumstance that this system lasted such a short time and that its end was so quick suggests that, unlike feudal, capitalist or earlier archaic systems, it was not viable. It was not durable; and this not because it violated human nature as Christianity, Islam and other prophetic religions would proclaim; but more simply because it had become too far divorced from

the reality of our time. In the end, far from being the vanguard it had proclaimed itself, at the head of the historical developments of the age, it could not even follow them. Undoubtedly, though, such a system could for a time be forcibly imposed on populations who were supposedly awaiting the attainment of ideals inaccessible to capitalist, bourgeois society: liberty, equality and fraternity. Of course, the collapse of communism reflected back on to the system of thought which inspired it, that of Marx and those who professed to be Marxists. For a thinker who sought to uncover the 'laws of economic development' in modern society, it was history that had the final say. Even if we were to close our eyes to the crimes committed in his name, Marx would remain a great – however utopian – thinker; the last of the utopians. There would finally come, in the West at least, the time of the end of ideologies. In short, history would begin to recover its course, and return to flow between the banks of the possible – that is, history is returning to a course which is none other than that of capitalist development. Momentarily thwarted and set back by the Russian revolution and its sequels in Europe and the Third World, capitalist expansion now continues its inexorable forward march, faster and more vigorously than ever. Tomorrow, finally, Europe will be unified under capitalism's laws from the Atlantic to the Urals, and it expects to swallow China next – which will in its turn be something altogether different from Russia.

The end of communism, then, will be the end of Marxism, and at the same time the triumph of capitalism and of liberalism. For many people – of whom I am one – who once fought simultaneously against capitalism and against the bureaucratic-police regimes which practised terror and repression of the masses in the name of socialism, it is painful to report these facts. For what movements, what forms of struggle, what perspectives are to be invented today to struggle against exploitation, poverty, and the oppression and solitude to which human beings in their millions are subjected? – and this not only in the countries of the Third World, or Central and Eastern Europe. Only recently, when the richest capitalist countries experienced a 'crisis', the tools of production and exchange were immediately and without hesitation or concern 'down-sized', condemning millions of human beings, young and not-so-young, to unemployment. The triumph of capitalism entails its 'human costs'.

The problems remain, the contradictions change – but they do not disappear. Certain struggles stand out today, others will suggest themselves tomorrow. One must take part in them, but when doing so we

must avoid driving ourselves yet again into tragic and fruitless impasses. Perhaps never since the end of the eighteenth century have those who sought a just course of action had to face a balance sheet of such a terrible magnitude. At the same time, given this context, the future is far from clear. Yet, is it really the case that everything is as evident as it appears? To give but one example, it seems difficult to demonstrate that Marx's analyses contained the premises for the legitimization of the exploitation and submission of the popular masses by bureaucratic police states. In order to see this more clearly, we must analyse among other things the manner in which Marx presented the conditions and processes of the passage from one economic and social system to another – and particularly the passage from capitalism to what can be called not 'socialism', but 'the mode of production of associated producers'. The remainder of this chapter deals with this topic.¹

On several occasions throughout his life Marx posed the question, central to a scientific understanding of history, of the conditions and mechanisms of transition from one dominant mode of production to another, and from one economic and social formation to another. The texts are numerous and extend over his entire lifetime, from *The German Ideology* of 1845 to three French drafts of his 1881 letter to the Russian revolutionary Vera Zasulich. She had asked him whether in his opinion Russia could make the transition to the mode of production of associated-producers 'without passing through all the phases of capitalist production.'² We are now, a century later, dealing with the full significance of this question. The texts most important to our task are scattered throughout the sections of *Capital* dedicated to the transition in Europe from the feudal mode of production to the capitalist mode, as well as Marx's *Critique of the Gotha Programme* where he criticizes certain theses of the German social-democrats with regard to the transition from capitalism to the 'mode of production of associated producers'.

We have, then, on the one hand, analyses and hypotheses about a transition which had already been completed in the leading Western countries – England, Holland and France – at the time Marx was writing; and, on the other, those texts in which Marx anticipates the passage to a mode of production of associated producers in the countries of *developed* capitalism. In the first case we have a completed transition and capitalism governed the development of the economy and the society. In the second case, we have a transition that *still remains* to take place, but which, according to Marx, is already underway.

How did Marx view the first transition – the one that was already completed and hence had 'succeeded'? Marx saw it as a *long-term* process which had begun toward the end of the fifteenth century and was anticipated in Italy already in the thirteenth century, and had not been completed in England until the beginning of the nineteenth century. Marx emphasized elsewhere that in history there were *no clean breaks* between different periods in a society's economic development, or between diverse economic and social formations. Anticipated in Italy and begun again in Portugal and in Spain, this process actually came to a halt several times, only to start up again later in France and most importantly in Holland, until all the conditions which had existed elsewhere in a dispersed state came together at a given moment in England.

In short, the process of transition is *reduced* to economic transformations which bring about the dissolution and finally disappearance of a dominant mode of production, and its replacement by another – which will in its turn dominate all of the conditions of production and exchange. It is a process which, *born spontaneously*, develops in an unequal fashion in different societies, and takes several centuries to play itself out first in one, then in another of the societies where it has developed. Marx's analyses limit themselves *voluntarily* to the study of the *economic* aspects of this process. Yet he does not ignore transformations in the forms of power, ideas (Protestantism) and culture (painting, music), which go hand in hand with these economic transformations. His analysis is reductive, but it is so by design.

Marx proposed a periodization of this type of process, which he subdivided, albeit with a number of reservations, into three phases: 1. Birth; 2. Childhood and development of the new system; and 3. Maturity.

The first two phases (birth and development) constitute the period of transition, which ends with the new mode of production achieving dominance (phase 3). Thus the period of transition is also the period during which the old dominant system crumbles more or less rapidly, and begins to disappear from one and then another of the diverse spheres of production; and this in one or in several countries at the same time. According to Marx, we can locate the birth of the capitalist mode of production at the end of the fifteenth century, even before the discovery of America. Its childhood and development would extend from the end of the sixteenth to the middle of the nineteenth centuries, and its phase of maturity would have begun in England earlier than elsewhere, from the beginning of the nineteenth century, while France and Germany still lagged far behind.

In the second half of the nineteenth century in England, with the appearance of co-operatives and worker-owned factories, and with the development of banks, trusts, and the like, Marx saw both direct (in the form of workers' co-operatives) and indirect (diverse forms of socialized ownership of enterprises, etc.) signs that the transition to another, superior mode of production, the mode of production of associated-producers, *had already begun*; but only in the *most developed capitalist countries*.

For Marx, clearly, 'socialism' could come into being and find the conditions for its development only in the most developed capitalist countries, where production and exchange are highly socialized, where the working class has a long history of struggle, and where it has been organizing for a long time already through trade unions and labour parties. Thus when Michailovski in 1877 or Zasulich in 1881 asked the question: 'Is this transition possible in Russia?', his response would be yes, but on several conditions. We will return to these, but one should be mentioned immediately: the Russian revolution, if it breaks out, will do so not 'at a time when capitalism is still intact, but when on the contrary it finds itself, in Western Europe as well as in the United States, engaged in battle both with science, with the popular masses, and with the very productive forces which it engenders. In a word... a crisis that will end in its destruction, in the return of modern society to a higher form of the most archaic type – collective production and appropriation.' (Marx, 1881, pp. 349–50, p. 357.)³

This text contains echoes of an earlier remark by Engels. '[T]he possibility undeniably exists of raising this form of society to a higher one... without it being necessary for the Russian peasants to go through the intermediate stage of bourgeois small holdings. This, however, can only happen if, before the complete break-up of communal ownership, a proletarian revolution is successfully carried out in Western Europe, creating for the Russian peasant the preconditions requisite for such a transition, particularly the material things he needs' (Engels, 1875, p. 48). In short, a revolution is possible in Russia – but only as an exception, and on the condition that a proletarian revolution erupts and triumphs at the same time in Western Europe.

We know what happened. After World War I, revolutionary uprisings broke out in Hungary and Germany. They were crushed. Since then, not one proletarian revolution has arisen in Europe. The exception has become the rule. In China, Vietnam and Cuba popular uprisings brought Communist parties to power.⁴ In these countries the material and social conditions for passage to a mode of production of associated-producers

did *not* exist. Countries like China and Vietnam possessed no more than a few small islands of capitalist industrial production.

Let us return to the first moment of the transition process, the *birth* of the new social relations of production; and in particular to the birth of the capitalist relations of production. Marx writes on several occasions that this birth was *spontaneous*. It took place under the pressure of developing mercantile production, which was tied to the expansion of both international and national commerce in certain European countries from the sixteenth century onwards. The expansion of commerce, stimulated by 'feudal' society, came up against the limits posed by feudal forms of organizing artisanal and industrial production and mercantile exchange. It confronted as obstacles the organization of production and commerce based on corporations and guilds.

In *Capital*, Marx analyses this spontaneous birth of the capitalist relations of production. He compares the capitalist workshop to that of the master artisan. He shows that the genesis of capitalism consisted of a *new combination* of the economic relations that were already in existence, but only after the elimination of control over production by corporations. Private ownership of the means of production, the use of money as capital, remuneration for work – whether in kind or in exchange for money – all existed. These elements would be retained and recombined, freeing up the potential for a new organization of production, and transforming the workers, peasants and apprentices into *wage-labourers*, thereby bringing to an end their status as pseudo-members of the master-artisan family.

Briefly, three comments are in order if we want to compare this genesis with the birth of the 'socialist' mode of production put in place after a 'political' revolution:

1. The birth of the capitalist relations of production was '*spontaneous*' and '*sporadic*' before it spread and became a converging phenomenon in certain Europe countries.
2. This birth or genesis was a response to the development *not* of new productive forces, but rather of international and national mercantile exchange, as well as the production of a range of *merchandise* that fuelled these changes. It was a transformation of the relations of production that took place in response to their own internal evolution, and not to some other type of pressure – that of 'new' productive forces, for example.
3. This genesis appeared to be one possible way of organizing production *outside* corporative structures, and *against* them. But in each case,

it was the *already existing* economic relations (private property, use of money as capital, wage labour) that found themselves combined in a new way, constituting a *social* form for the organization of production and exchange that was *new* and *more efficient* (with regard to the economic needs of the then society). And of course by directly combining capital and *free* labour, this formation contained all the elements of the exploitation of labour by capital: the modern form of exploitation of human labour by the owners of the means of production and finance. It contained the *specific* elements of capitalist class relations characteristic of modern, post-feudal society.

These new relations, once born, did not become dominant all at once in all branches of production and exchange, as did the 'socialist' relations of production. Rather they developed sporadically here and there, ceased, disappeared and reappeared. In brief, the second phase of the transition process, the childhood and development of the capitalist mode of production, took time and depended on many circumstances, economic or non-economic. Its development was not achieved solely on the basis of force, or of the economic in the last instance. European colonial expansion, wars, state aid, the expropriation of Church properties (which facilitated agrarian reform and the redistribution of property), Protestantism and its ethic of work and health: Marx argues that all of these circumstances and forces contributed to the development of the new relations of production. In large part, then, these relations owe their victory to various forms of violence, both public and private. Thus the market is not, and never was, the unique source for the development of mercantile production. The latter existed, as Marx constantly reminds us, well before capitalism; and it relied at that time on entirely different relations of production and forms of labour exploitation, forms of slavery, indentured peasants etc. Other forces than the market, then, aided or opposed the expansion of mercantile exchange.

According to Marx, however, the decisive factor, which assured the triumph of capitalism and established it as the new, dominant mode of production – and this has definitively marked the evolution of modern Western societies – was its capacity to create *its own material and intellectual base*, developing machinery and big industry, through the general application of scientific knowledge to production. The period of transition came to an end when capitalism ceased to rely on the technological and material base it had inherited from the feudal past and its manual trades. Capitalism became an economic reality when it began to create

its own base and its own division of labour, destroying or abandoning the material conditions that had given rise to it. This is what Marx calls the passage from the 'formal' subsumption to the 'real' subsumption of labour to capital. There are, then, not only new productive, material and intellectual forces (science, technology, etc.), but a new type of worker: the 'piece-worker', who taken individually is deprived of all productive capacity, but who acquires it as soon as his labour power is combined with that of others within a collective structure.

Thus, the capitalist mode of production became dominant when it constructed its own material base, when it destroyed or subordinated through competition the other forms and relations of production. Naturally, this stage was achieved only in those countries where the capitalist mode was most developed; those which constituted more or less the *centres* of its expansion relative to those other countries at the diverse peripheries of this new economic ensemble. Thus it is clear that for Marx a proletarian revolution should erupt first in the most developed of the capitalist countries – in the centre and not the periphery (as Russia was, at the extreme edge of Europe). It is there, in the centre, that this revolution had the greatest chances for success – not only immediate success, in the form of a political victory; but also the possibility of actually being able to make the transition to modern and dynamic forms of social ownership of the means of production. After their political victory, the proletariat and its allies in these countries would have at their disposal all the concrete achievements of capitalism in such areas as the development of production, trade, the sciences and technology.

If we compare Marx's analyses concerning the conditions and processes of the transition to capitalism with what took place in Russia or in China, we see immediately that these were not developed capitalist countries (China less still by far than Czarist Russia); and as a result the revolution, as Marx and many others in his time had predicted, had to *introduce* technologies and productive forces developed in the capitalist West in order to create its own material base. It was therefore never truly able to compete with the most advanced capitalist countries. It was even less able to introduce into human history unique productive forces, both material and intellectual, heretofore unknown in the capitalist West – and which would in fact have been inaccessible to the West because of its capitalist structures. This new formation was meant to create a material base upon which a society would develop that benefited the masses – something unattainable in social systems based on the exclusion of the vast majority from ownership and/or control of

the means of production, and on the exploitation of their labour power. Very far from achieving this, the 'socialist' bureaucratic-police regimes grew old in a few decades, without ever managing to reach maturity. They were not durable, because they were not viable – which returns us once again to our original questions.

We are now able to take stock of the tragic illusion that lay behind Lenin's dance of joy, on the day when it could be said that the Bolshevik revolution had lasted as long as the Paris Commune. In contrast, Lenin and Trotsky harboured fewer illusions when they recognized that it would be difficult if not impossible to construct socialism in *one country only*, should proletarian revolutions not erupt and triumph swiftly in Western Europe and the United States, the countries at capitalism's centre. The crushing of the 'soviets' of Budapest and Berlin taught them that they would still have to wait; and in the meantime they would have to do what they could on their own: to construct a mode of production for which even the material basis was lacking, and for which the social form was yet to be invented.

Essentially, when one analyses what Marx thought of the role of political revolutions – in England in 1645, and France in 1789 – it is evident that for him they did not *bring into existence* the capitalist mode of production. Certainly they accelerated its development, but not directly, for that was not their goal. That goal was rather to transform the power relations, establishing a new sharing of power first and foremost among the dominant social classes, including new and old aristocracies and diverse elements of the bourgeoisie.

The Russian revolution, in contrast, found itself confronting two tasks unique in history: on the one hand, it had to create a new mode of production – producing it from scratch and imposing it on the entire society. This is already something unusual. Yet, on the other hand, this mode of production wanted to be the first in history since the appearance of caste and class-based societies that did *not rely* on the exploitation of the labour of the vast majority by a minority who owned and/or controlled the means of production and existence. In short, this mode of production was to be humanity's first step beyond its prehistory. It was to become a form of production superior to capitalism, based on the communal appropriation of the means of production, and the redistribution of the products of the labour to all. It would take into account both the labour provided by each individual, and the needs of all members of society, productive and un-productive alike, with regard to health, education, transportation, and so on. And this

first step beyond the prehistory of class-societies was to be at the same time the starting point for the 'withering away' of the state, and a beginning of the reign of true liberty.

In January 1874, one year before Marx drafted his *Critique of the Gotha Programme*, Engels wrote these lines, which concur with Marx's own thinking: 'After the revolution the State, while ceasing to serve a political function, will keep its administrative functions and those of protecting the true interests of society.' (Engels, in Godelier, 1970, p. 102). And Marx, commenting on decisions made by the Paris Commune, believed that the Commune was already no longer a 'state' like the others. The idea, then, is clear: 'Society, which will reorganise production on the basis of a free and egalitarian association of the producers, will put the whole machinery of state where it will then belong: into the museum of antiquities, by the side of the spinning wheel and the bronze axe.' (Engels, 1884, p. 272). Such is the conclusion of *The Origin of the Family, Private Property and the State*. But that society could not be the Russia of 1917, exhausted as it was by war and/or misery; where poverty, taxes and debts continued to force millions of peasants to flee the countryside in search of a living working in the mines, the dockyards of Baku, or the cities. Even so, when Lenin drafted his notes on *Marxism and the State* at the height of the revolution in January–February 1917, he cited the texts of Marx and Engels. Neither was this society the China of 1949: a country overwhelmed by the devastation brought by the Japanese occupation and war with the Kuomintang, and unable yet to gather its strength after a century of powerlessness that was the interminable agony of Imperial China.

But let us return once again to examine how Marx arrived at the conclusion that a revolution was possible in Russia, and how he imagined the conditions for its success, in the face of the tasks it would have to confront. We should recall that in his opinion the Russian state was the most reactionary state in Europe, in that it combined the traits of the Western absolute monarchies with the centralizing and 'despotic' characteristics one would encounter in states based on the exploitation of village communities (and those corresponding diverse forms which he called the 'Asiatic' mode of production). According to Marx, it is this state which had since the French Revolution played the role of the 'gendarme' of Europe, called to the rescue each time a popular uprising threatened one or another state of Western or Central Europe.

The principal productive force of Russia was still in his eyes the peasants and not the proletariat. A large portion of the land, especially

lower-quality land, was already the collective property of agricultural communes. 'At the great expense of the peasants, and as in a hothouse, the State forced entire branches of the Western capitalist system to grow' – in the form of banks, railways, joint-stock companies, the stock market, the steam engine and various mechanized industries. It wanted to 'make an intermediate rural class of the more or less prosperous minority of the peasants, and turn the majority into proletarians, without mincing matters' (Marx, 1881, p. 357).

The question, then, is whether Russia, following a peasant revolution and thanks to this 'unique combination of circumstances' (*ibid.*, p. 349), could indeed make the transition directly 'to the economic system toward which modern society tends' (*ibid.*, p. 358), without passing through the 'terrible vicissitudes' of capitalism – relying instead on pre-capitalist forms of ownership and collective labour that still exist on a national scale in that country, and are characteristic of the Russian agricultural commune.

The conditions enumerated by Marx are worth citing:

- a) One should 'commence by placing the commune on a normal footing on its *present* basis' (Marx, 1881a, p. 364), 'for the peasant is everywhere the enemy of any *swift* change'.⁵
- b) '[T]he agricultural commune in Russia ... occupies a unique position, *without precedent in history*. Alone in Europe, it is still the predominant organic form of rural life throughout an immense empire. The common ownership of land provides it with the natural basis for collective appropriation, and its historical setting, its contemporaneity with capitalist production, lends it – fully developed – the material conditions for co-operative labour organised on a vast scale. It can thus incorporate the positive acquisitions devised by the capitalist system without passing through its Caudine Forks. It can gradually replace parcel farming with combined agriculture assisted by machines, which the physical lie of the land in Russia invites' (Marx, 1881b, p. 368).⁶
- c) In developing its base, communal ownership of the land, and in eliminating the principal of private property which it also implies, 'it may become the *direct starting point* for the economic system towards which modern society *tends*; and turn over a new leaf without beginning by committing suicide' (*ibid.*).
- d) 'Russian society, which has so long lived at the expense of the rural commune, owes it the first advances necessary for this change' (Marx, 1881a, p. 364).

- e) 'There is one characteristic of the "agricultural commune" in Russia which afflicts it with weakness, hostile in every sense. That is its isolation [... which] has caused a more-or-less centralized despotism to arise on top of the communes... Only in the midst of a general uprising could [this] isolation be broken... It would simply be necessary to replace the *volost*, the government body, with an assembly of peasants *elected* by the communes *themselves*, serving as the economic and administrative organ for their interests' (Marx, 1881, p. 353; author's emphasis).
- f) We should add as well that all of this will not suffice if, in the Western countries a '*proletarian* revolution' is not 'successfully carried out... creating for the Russian peasant the preconditions necessary for such a transition, particularly the material things he needs, if only to carry through the revolution, necessarily connected therewith, of his whole agricultural system' (Engels, 1875, p. 48).

When we examine this list of conditions that would permit an essentially *peasant* revolution to begin in the *same* way as the supposedly imminent *proletarian* revolutions were expected to begin in the most developed capitalist countries (a problem which Mao's China would also confront 60 years later), we are struck by the contrast, or indeed the opposition, between these conditions and what took place in Russia after the NEP. Marx in effect imagined that the revolution would be carried out by the peasants in association with 'all the powers of the Russian intelligentsia', and to the benefit of the peasants. The changes, further, were to be gradual. The peasants would receive the means required for their development. The society *owed* it to them. They themselves would administer their affairs, economic and otherwise. The despotic and centralizing state was to be reformed from head to toe, bureaucracy combated, and so on. There is no trace here of a Marx who would advocate state or bureaucratic terror against the *working* masses. This sheds light, moreover, on what he meant by the 'dictatorship of the proletariat' which was to be instituted for a certain time after the victory of the *proletarian* revolution.

As an expert in ancient history, Marx knew that dictatorship was proclaimed in Rome when the temporary suspension of certain rights of the citizens became necessary to put an end to the civil wars which set them against one another. Thus the dictatorship of the people was to be turned not against the people, but against the enemies of the people, against the representatives of the old exploiting classes who were opposing the revolutionary transformations of the society, with

arms or by other means. The dictatorship of the proletariat, then, was not that of a party, but of the majority of the people – the proletariat and the other previously dominated classes – against a minority. And this temporary regime, which was associated with the class conflicts that continue after a revolution, was to be succeeded by a democracy more rich in opportunities for the individual than that which the bourgeoisie had attained through its struggles.

Marx's ironic stance against the 'formal' and often illusory nature of bourgeois democracy, and against the limits of a form of political freedom which leaves intact servitude and economic inequalities, is well known. But this should not cause us to forget that when in his *Critique of the Gotha Programme* he sketched out, with all prudence and reticence, the forms which the future 'communist' society could take, he quite clearly affirmed that despite its narrowness, the 'bourgeois' conception of rights (that is to say a conception of rights which holds that all are equal before the law, etc.) would be indispensable until the 'higher' phase of communism. Further, if we add to all these texts those in which Marx denounced the bureaucracy of modern states, which conceives of the state as its property; or in which he criticized the 'barracks communism' or 'state socialism' advocated by Lassalle – ideas which he also saw set forth in the publications of the German social-democrats in the years preceding his death⁷ – it is impossible to see in Marx the inspiration for or the father of either Russian Stalinism or Maoism. Let us recall that he condemned with equal vigour the 'vulgar communism' of those who were prepared to recommend that everything be shared. Engels even went so far as to affirm, in *Anti-Dühring*, that any attempt to *abolish* classes when the historical conditions did not exist would engender an *overall step backwards* in the society's development, a step backwards for civilization (or would give birth to utopian communities which would rapidly disappear of their own accord).

Be that as it may, the conditions enumerated by Marx for the success of a socialist peasant revolution, erupting in a country in which capitalism is not yet dominant, contain a thesis which seems unrealistic: namely, that the Russian society would give the peasants the material conditions they require for making the transformation possible. Engels even adds that a proletarian revolution in the West would *offer* to the Russian peasant the necessary material resources. But who would produce these resources? How would they be 'given' by the Russian society or offered by the Western proletariat after the triumph of their own revolution? For here we have precisely the problem of *how* the means

of modernizing rural societies are to be accumulated; and it is in order to resolve this problem that Stalin's model of economic development for the USSR introduced the forced collectivization of agricultural production; that it placed an unconditional priority on developing the production of the means of production, and that it imposed centralized and hence bureaucratic planning, the elimination of the market and the mechanisms of competition, prices, and so on.

In short, whatever ideas Marx and Engels may have had regarding an eventual revolution in Russia, and whatever were the attitudes, democratic or anti-democratic, of Lenin, Trotsky and the Russian revolutionaries, once the revolution had taken place the problem was there, in its entirety. The question had become a reality: how does one develop a modern socialist society out of a rural society according to new principles, while waiting for a proletarian revolution in the West to change the existing relations among states, and to provide the Russian peasants with the technical and economic resources they require?

Finally, the question concerning the opposition between market and plan was posed for the economic development of modern societies. We must remember how Marx conceived of these two terms, or two mechanisms, since it is with his ideas that Russians and other revolutionaries confronted the task of developing a new economic logic and a new model of society.

For Marx, the rationalization of production and its co-ordination and planning are traits of capitalist production that occur within a firm or a trust, a cartel or an integrated group of capitalist enterprises. As a result of the separation of capital and labour, this rationality implies the existence of 'despotic' forms of work discipline, and a bureaucracy which is turned against the workers. Outside the enterprise, the market is characterized by competition and anarchy; or if monopolies dominate, by a form of regulation based not on the needs of the consumers but on the maximum profit of the monopolies, which are able to speculate on the markets that they control. According to Marx, socialism was to extend the internal rationality of enterprises to the whole of production, with two fundamental changes: the enterprises would be self-managed by the producers themselves; and their production would be redirected first and foremost toward satisfying social needs, no longer guided by the principle of deriving from capital the maximum profit.

A planned economy was supposed to allow one to both identify needs more precisely and satisfy them with the greatest speed and

at the least cost. For this, it was necessary that information on social needs be established and circulated on all levels and in all sectors; and that the entire process be *self-managed* by the associated producers themselves, controlling the conditions of production. Central planning was thus to be organically tied to a form of *direct* democracy, a democracy that was expanded to and active in *all* spheres, political, economic, social and cultural.

For Marx then, a socialist society could only exist under the double condition that (a) the producers are no longer cut off from real ownership of *and* control over the management of the means of production; and (b) as citizens they are not separated from the political means of governing their society, and thus from the management of the state and the exercise of power. As a result that state would *begin to lose* its old functions as an instrument of domination and exploitation of the dominated classes, the labouring masses; the state would begin to 'wither away'.

With this vision of a type of democratic planning more capable of ensuring the economic development of society than the market had been, we are quite far from the bureaucratic-police style planning that actually oversaw the development of the socialist countries. We are quite far from that method that employed repression or intimidation precisely to *eliminate* any intervention by workers in the choice of objectives or methods of production, and that consecrated a part of the fruits of growth to improving the quality of life for a privileged *nomenklatura* of state representatives, professional politicians, police and other state and Party functionaries who had a share in authority.

Is this only because with Russia, China, Vietnam and Romania we had societies in which the capitalist structures were still too little developed? Or, as Weber (1924a) argued in his short essay on *Socialism*, is it the case that all planning on a national scale could only carry to the extreme 'the tendency of our age' toward the bureaucratization of production and society? Would it necessarily imply not the withering away but the *reinforcement* of the state, and its control over the life of each individual, through the intermediary of a bureaucracy that is more powerful than ever – since it would finally unify industrial bureaucracy with that of the state?

Weber's text is remarkable. It was written in 1918 a few months after the Russian revolution had broken out, and that is before the revolutionaries had begun to construct a socialist economy and society. This was still the period of local soviets, and not of the 'socialist state'. Weber had been asked to present a paper at a conference of officers and

functionaries of the Prussian state, in order to explain to them the significance of this 'socialism' for which the Russian revolutionaries and their partisans in Germany and elsewhere were calling. Weber criticized as utopian the idea of a possible withering away of the state, and he made this critique not on the basis of data drawn from concrete observation, but on the basis of a theoretical judgement on the 'destiny' of the 'modern' age: a constant and ineluctable drive toward the subordination of production *and* social life to bureaucratic and statist rationality.

Socialism, for Weber, was certainly the passing away of capitalism, in the sense that it removed all obstacles to the bureaucratization and stultification of a social life still based on the private ownership of the means of production. A central planning that was 'democratic' thus seemed to Weber logically and intrinsically contradictory, and hence impossible to achieve. He concluded with a statement on the necessity of a sort of *Führerdemokratie* to evoke the statist and bureaucratic menace. A singular expression, which others would later reinvent, but in order to associate it with German national socialism. We know what followed.

And yet this debate, the opposition between market and central planning, remains a very real question today; not only in relation to the development of the 'underdeveloped' countries, but within the most developed capitalist countries too, as they respond to those needs that cannot be addressed by the market and the logic of profit: protection of the environment; improving the level of education and professional training; programmes of research to combat deadly illnesses, and so on. Moreover, ideas about democratic control of the state, or reappropriation by civil society of the functions concentrated in the state apparatus, are playing a role in the struggles and political evolution of advanced capitalist countries with democratic parliamentary regimes.

This is why today, taking into consideration what Fascism and Stalinism have taught us, the struggle for the broadening of democracy constitutes the terrain of convergence and point of integration for all the struggles against inequality, or the denial of rights and liberties. For democracy cannot be reduced to its purely political dimension, or politics simply to the right of citizens to vote once in four years to send their 'representative' to Parliament. *Political* democracy is a real exercise, and a sharing, of the responsibilities for administering and governing society; and we are far from this even in the most advanced bourgeois democracies. But *social* and cultural democracy, the recognition of the differences between the sexes, the recognition of the vested rights of

immigrants who have been working for years in an official and regular capacity within the framework of another country's economy, for example: in this sphere progress has been very limited, and resistance enormous.

Finally, the last dimension of democracy, the last domain which is still almost completely untouched by democracy, is that of *economic* democracy: a democratic sharing of the control and management of the processes of production and exchange by all participants. As far as we know, there is hardly any economic democracy in our world; and the presence of official staff representatives of employees at the administrative councils of private or public enterprises has not in the slightest questioned their autocratic character. The constant broadening of democracy remains the first principle, the focal point of all revolutionary struggles. It is the only point around which a combined front of movements and struggles can be formed to attack the multiple forms of oppression and exploitation from which millions of human beings suffer because they are women, because they are black; because they are Muslim in a Christian country or vice-versa; because they are workers, employees or professionals.

In our time, the idea that a small and uncontrolled minority should have at its disposal the means of the society's development and the means of existence for the majority of men and women who make up that society is no longer easily and publicly defensible. Each time such facts are put forth in evidence, we endeavour either to deny them or to justify them in the name of the interests of the whole. Under the dictatorships of Stalin and Mao, the constitutions were 'democratic' and hence the power had to declare itself a power of the people themselves, the workers. In the Western democracies which so loudly sing the praises of the 'liberal' economy, we demand that the state correct the excesses, ease the inequalities, and struggle against illiteracy, homelessness and drug addiction.

The *illusory* contexts of forced transitions, on which the strength of several revolutions and the hopes for a more just society ultimately foundered, have today been succeeded by what can only be a time of a *pluralism* of struggles and movements. In order to force through specific reforms, these movements attack those systems (not only capitalist or ex-socialist) that are incapable of resolving their contradictions. Will we see a time of failed revolutionary transitions succeeded by an irreversible evolutionary process which is ultimately more successful than they were? What is certain is that the dilemma which split the workers movement and its allies – reform or revolution – is *passé*.

What about Marx in all of this? Will he become what he refused to be: a great thinker, ranked next to Aristotle, Darwin and the other greats; an expert and scholar who must be studied, but who no longer has any influence on the evolution of our societies? Must we christen as 'utopian', and toss out as useless or dangerous, the idea that the state could one day begin to wither away? The hope that there may yet be other forms of production and other systems of government that do *not* set groups, classes and castes with opposing interests against one another? Can we allow ourselves to forget that the state did not always exist in the course of human history, in order to avoid thinking that one day it may again cease to exist? Must we keep Marx-the-scholar and reject, or even condemn as irresponsible the thinker who had ideas which realists considered grand and dangerous utopias?

It is true that our present understanding of Marx needs to be reconsidered. We must know what we will keep of him and why; what we will reject and why. Nothing should be certain now on the basis of faith, or hate. Marx remains the first thinker to have revealed the role of the economy in the development of societies, and to have shown the intimate links that exists between the forms of production and the forms of power. This idea that economy and power are intimately linked and that they constitute *the driving forces of the society*, the sources of the greatest changes, of societal changes: this idea has entered into practice (and even into the social sciences). The breakdown of post-Stalinist communism, undermined by suffocation and the failure of its economic system, is the most recent proof of this. But to conclude from this that the economy is the *general* foundation of social life; that familial relations, diverse religions and forms of art all correspond to one or another specific mode of production: this thesis, if indeed it is really Marx's, is not acceptable. Christianity, for example, born two thousand years ago in a small Eastern Mediterranean country, preceded the appearance of the 'feudal' forms of organizing society and production by tens of centuries; and the appearance of capitalism by even a few more centuries. Thus in its origins, its dogmas and its symbols Christianity has nothing to do with feudalism or capitalism; but nevertheless it furnished certain elements essential to the organization of the feudal society; and it remains a dominant institution and ideology within Western capitalist societies. We could demonstrate the same by looking at the European systems of parenting, characterized for centuries, well before the modern era, by its 'cognatist' aspects, and the effects that industrialization and urbanization have had on the evolution of the family and on parental relations.⁸

In short, we are no longer approaching the future with the same materialism bequeathed to us by Marx; but this by no means renders obsolete his idea that forms of power and forms of economy are directly tied, and that they constitute the strongest forces that shape history. Not because they produce changes in society – which is a banality – but because the goal of that change is the complete replacement of society by another.

Notes

- * Translated from French by Karen Underhill.
- 1. For more details, see Godelier (1990).
- 2. Cf. Godelier (ed.) (1970, pp. 318–42) and Engels (1894, pp. 421–33).
- 3. Translator's note: These citations, drawn from *Marx-Engels Collected Works* (MECW), do not always match Godelier's original French version precisely. Godelier draws on the three drafts and some of his quotations are not included in the English version of Marx's draft letters to Zasulich. The following explanatory note may help to account for the discrepancies between these French and English citations, or between certain specific vocabulary used: 'Marx wrote four drafts of his reply to Vera Zasulich's letter. Their analysis and comparison with the final version show that he went from a more detailed exposition of this views to a most laconic one. [...] For the first time, Marx's letter to Vera Zasulich and its drafts were published by the Marx-Engels Institute in: *Marx-Engels Archives*, Moscow, 1924 (in Russian translation), and *Marx-Engels Archiv. Zeitschrift des Marx-Engels-Instituts in Moskau*, Vol. 1, Frankfurt am Main [1925] (in the original French). However, due to the complex structure of the manuscript (see note 298), in these editions some paragraphs were inserted in the wrong place and certain words deciphered incorrectly. The original version of the drafts, in strict accordance with the manuscript, was first published in: *MEGA*₂, Abt. I, Bd. 25, Berlin, 1985, S. 219–42. The earlier publications in English (in: Marx, Engels, *Selected Works* in three volumes, Vol. 3, Progress Publishers, Moscow, 1970, pp. 152–61; Marx, Engels, Lenin, *The Way to Socialism Bypassing Capitalism*, Novosti Press, Moscow, 1980, pp. 32–4; *Late Marx and the Russian Road, Marx and the Peripheries of Capitalism*, London [1984]) were based on the French text in the first publication in the *Marx-Engels-Archiv*.' [MECW, Vol. 24, Endnote 397, p. 640].
- 4. We leave aside the countries of Eastern Europe, where 'socialism' was *imposed* following the division of Europe among the victors of World War II.
- 5. Translator's note: the second part of the sentence does not appear in the English edition (MECW).
- 6. Translator's note: The following quotation may help to explain Marx's reference to 'Caudine Forks':
'In 321 BC During the second Samnite war the Samnites defeated the Roman legions in the Caudine pass, near the "forks", which was the greatest shame

- for the defeated army. Hence the expression "to go under the Caudine Forks", i.e., to undergo extreme humiliation.' [MECW, Vol. 24, Endnote 404, p. 641].
7. On this theme see also Engels' letter to Bebel of 18 January 1884, and his letter to Kautsky of 14 February 1884.
 8. See, for example, Goody (1985).

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7

Zapata in Wall Street

John Holloway

It was in the early hours of the 19 December 1994 that Zapata rode into Wall Street on her white stallion, cartridge belts crossed on her chest, the flash of dignity in her eyes. In the days that followed, there was consternation in Wall Street, panic on the world's financial markets. The stock markets shook, the political leaders confabulated.

'We have made the Power of Money tremble', Zapata of the balaclava remarked some time later,¹ 'it has realized there is something it cannot buy or sell, that dignity is starting to unite. The Power of Money is afraid because the uniting of dignities² signifies its downfall, its rapid transition to part of a nightmare that is coming to an end, the conclusion of a historical phase ruled by arrogance and stupidity'.

I.

In the early morning of the 19 December 1994, the EZLN (Ejército Zapatista de Liberación Nacional: Zapatista Army of National Liberation) announced that they had broken through the military cordon which had encircled them for almost a year, and had undertaken actions in 38 municipalities of the state of Chiapas in the south-east of Mexico.³ Not a shot was fired and nobody was hurt.⁴

The reaction of the financial markets was immediate. Capital fled. The prices of Mexican shares fell both in Mexico City and in Wall Street, as investors sold their stock. In the money markets, there was a flight of capital from the Mexican peso as money holders changed their pesos for dollars.⁵ On the following day the Mexican Government announced a 15.3 per cent devaluation of the peso in relation to the dollar and blamed the devaluation on the Zapatistas.⁶ In spite of the devaluation, the flight of capital from the peso continued and,

on 22 December, the government decided to let the peso float freely on the market. The peso fell and within a few days it had lost 40 per cent of its value prior to 19 December.⁷

In the weeks and months that followed, the impact of the Mexican devaluation and of the flight of capital from Mexico was felt throughout the world. For several years Mexico had been regarded as the success symbol of neoliberal politics, the star of the 'emerging markets',⁸ the poor country that had succeeded in constructing the North American Free Trade Agreement with its rich neighbours and in becoming a member (in April 1994) of the OECD (Organization for Economic Cooperation and Development). When the peso fell, it seemed to many of the investors who had taken part in the enormous flow of capital to the emerging markets in the years from 1990 to 1994 that none of these markets was secure. There was a 'flight to quality' as capital flowed to the more firmly established markets⁹ and fled from those considered risky, threatening the stability of currencies and stock markets not only in Latin America (especially Argentina and Brazil) but also in Thailand, Hong Kong, Hungary, Sweden, Spain, Portugal, Pakistan, South Africa, Italy, Indonesia, Poland, Nigeria, Canada and other countries.¹⁰

In the middle of January, the President of the United States declared that his government would give a loan of \$40 billion to stabilize the Mexican peso. When this proposal encountered strong opposition in Congress, Clinton announced the creation of an international package of support totalling more than \$50 billion, then by far the biggest intervention of this type in the history of the world's financial markets.¹¹ The announcement succeeded in stabilizing the peso, but the dollar fell as a result. The resulting rise in the price of the yen in relation to the dollar caused an increase in unemployment in Japan and marches of protest in Tokyo. In Europe the financial turbulence gave rise to new tensions in the process of monetary integration.

When the political and economic leaders of the world came together in Davos in January 1995, Mexico was the principal topic of discussion; when the Group of Seven met in Toronto in February, Mexico was the principal topic; when the International Monetary Fund met at the end of April, Mexico was still one of the principal topics. There was much talk of the risk of a 'systemic crisis' of world finance, even of 'global financial apocalypse'.¹² The argument advanced by the US government to defend its original proposal of support and to justify the international financial package was that the collapse of the peso was not just a Mexican or an American concern, but that it put at risk the stability of the international financial system as a whole.

II. The world financial system did not collapse, has not collapsed

Yet the incursion of Zapata into Wall Street remains important. It brings into immediate relation the most important revolutionary uprising of recent years and the chronic financial instability that is a central feature of contemporary capitalism. It is the sharp confrontation of two worlds. On the one hand, the naked, undisguised power of money, of capital in movement, of the states and all their energies brought to focus on ensuring the reproduction of capital. On the other hand a beautifully executed piece of mischief, a mockery, a cry of dignity, the 'Here we are!' of a world that refuses to be extinguished, of a world that does not yet exist. The confrontation throws light on both sides – on the nature of the financial instability of capitalism and on the problems of revolution.

It is not part of the argument here that the Zapatistas were the sole cause of the world financial turmoil. What is important is that they precipitated the financial upheaval. The fact that the action of a few thousand rebels in the jungle of south-east Mexico could precipitate a world financial crisis tells us a lot about the fragility of the financial system in contemporary capitalism and the power of insubordination in these circumstances. As the Director of the Banque de France is reported to have commented at the time, 'the international system is now so fragile that a handful of Indians in a corner of Mexico can put it in danger'.¹³

What is it then that has made the international financial system so fragile, and what is its relation to the explosion of insubordination in the south-east of Mexico?

III.

That the international financial system is fragile can hardly be doubted after the recent East Asian, Russian and Brazilian financial crises. The fear of systemic crisis has become endemic to contemporary capitalism. Since the announcement of the Mexican government in August 1982 that it would have trouble maintaining interest payments on its debts, the world has seen a series of major financial crises, each one of which was seen as the potential harbinger of financial disaster: the Latin American debt crisis of the early 1980s, the stock market crash of 1987, the savings and loans and junk bond crises of the late 1980s, the property market crashes of the early 1990s in Japan, Britain, the US

and elsewhere, the 'tequila crisis' which followed the Zapatista action of 19 December 1994, and then the East Asian, Russian and Brazilian crises in 1997, 1998, 1999. In each case total financial collapse has been avoided, but in each case it has been feared as a real possibility. In each case disaster has been avoided, but at the cost of introducing new elements of instability. The threat of systemic crisis has become almost routine in the world's financial markets.

The key to the growing financial instability of capitalism is the chronic expansion of debt, or, in other words, the chronic and growing separation between productive and financial accumulation. Debt is of course a normal feature of capitalist development. The separation between real accumulation and monetary accumulation can be seen as part of the cycle of capitalist reproduction. As a period of rapid accumulation approaches its end (as the conditions for accumulation deteriorate),¹⁴ more and more productive capitalists seek to overcome their difficulties by borrowing. More capital is also made available for lending, as the conditions no longer exist for profitable expansion through direct investment in production. Accumulation, in other words, becomes more and more fictitious: the monetary representation of value becomes more and more detached from the value actually produced. This reaches a point where borrowers are no longer able to repay their loans nor the interest on their loans: borrowers go bankrupt, creditors collapse and there is a massive destruction of fictitious capital. The crisis that is unleashed destroys inefficient capitals, drives up unemployment, drives down wages, increases social discipline and generally restores the conditions of profitable exploitation and accumulation which permit the cycle to begin again. Such a destruction of fictitious capital can be seen, for example, in the stock market crash of 1929.

For capital, the problems begin to arise when this 'normal' cycle of the expansion and destruction of credit is blocked. This is essentially what has happened in post-war capitalism. In the wake of the miseries and unrest caused by the crash of 1929, in the wake of the horrors of Fascism and World War II, in the wake above all of the Russian Revolution, it came to be accepted that the state should intervene to regulate or avoid as far as possible the destruction of fictitious capital. Keynesianism was the theoretical and practical recognition of the untold destruction that a repetition of the 'normal' cycle of capital would involve. In order to avoid the horrors of such a destruction, and the concomitant threat to the survival of capitalism, the expansion of credit became a permanent, rather than a cyclical, feature of capitalism,¹⁵ a permanent attempt to postpone crisis.

The problems that arise for capital from this type of development became clear in the 1960s and early 1970s. The constant expansion of credit implies above all a weakening of the discipline of the market, a weakening of the social discipline imposed by the law of value. By postponing or modifying crisis, it makes possible the survival of inefficient capitals and, even worse from the point of view of capital, the survival of inefficient workers. It also implies the autonomization of financial markets from commodity markets. Credit feeds on credit. In order to avoid defaulting in the repayment of loans and interest, debtors need to borrow more. An increasing proportion of credit granted is recycling credit, credit granted just for the purpose of repaying loans (or, often, the interest on loans). The more elaborate the structure of credit becomes, the more difficult it becomes to maintain, but also the more difficult to undo. A full-scale 'credit crunch' (the destruction of fictitious capital) would not only cause massive social hardship but also threaten the existence of the banking system, and, with it, the existing structure of capitalism.

The criticisms which had been voiced by the opponents of Keynes in the 1920s and 1930s arose with force again in the 1970s, when they formed the basis of the monetarist assault on the assumptions of the post-war development of capitalism. The monetarist critique of Keynesianism was directed against the fictitious character of capitalist development ('funny money', as they called it) and against the social indiscipline which the modification of the market promoted. However, the attempt by the United States, British and other governments, to impose market discipline through tightening the money supply (that is, restricting the expansion of credit), in the years 1979 to 1982, not only caused considerable social hardship and economic destruction, but also threatened to destroy the international banking system. The restriction of credit by raising interest rates in the United States created a situation in which it became extremely difficult for some of the biggest debtors (such as the Mexican, Argentine and Brazilian governments) to repay their debts or even to pay the interest due. When the Mexican government threatened in 1982 to default on its payments, thus precipitating the so-called 'debt crisis' of the 1980s, it became clear that the attempt to eliminate the expansion of credit threatened the survival not only of the debtors but also of the creditors, in this case the world's major banks.

The attempt to precipitate the massive destruction of fictitious capital through tight monetary policies had proved impossible to implement. The reproduction of capital required a new and massive expansion of credit. The problem for capital was how to provide the credit needed

for the reproduction of capital without allowing this credit expansion to undermine the discipline needed for the exploitation of labour. The solution attempted was the so-called 'supply-side' economics of the 1980s: the combination of measures to discipline labour with an unprecedented expansion of credit.¹⁶ The dangers involved in such a development were signalled by a number of critics of this 'voodoo economics' in the mid-1980s.¹⁷ Although the critics were correct in pointing to the instability entailed by the expansion of debt, the stock market crash of 1987, of which they had warned, simply increased the pressures to expand credit in order to avoid a worse crisis. The response of the governments was the same: the expansion of credit and the introduction of measures to avoid at all costs a massive destruction of fictitious capital.¹⁸

The response to the recession of the early 1990s was the same 'Keynesian' response, especially on the part of the United States and Japanese governments: to reduce the rates of interest to stimulate borrowing, to create money through credit. In this case, however, a lot of the money borrowed in the United States (on the basis of the 3 per cent interest rate set by the Federal Reserve)¹⁹ was not invested in the US but in the international money markets, and especially in the so-called emerging markets, where there were high profits to be won.²⁰ The most important of the emerging markets was Mexico, where the inflow of capital in the form of money contributed to the opening of a huge abyss between the reality of the process of accumulation and its appearance, the abyss that was revealed in the devaluation of the peso.²¹

The result of the constant postponement of crisis through the expansion of debt has been an ever growing separation between productive and monetary accumulation. Money has been expanding at a far faster rate than the value it represents. In other words, despite the very real restructuring of the productive process that has taken place over the last 20 years or so, the survival of capitalism is based on an ever increasing expansion of debt. Many statistics can be used to tell what is basically the same story. Public debt, for example, which was the central theme of the monetarist attack against Keynesianism, continues to expand: the OECD calculates that the net public debt of its member states increased from 21 per cent of the gross domestic product in 1978 to 42 per cent in 1994.²² The net debt of the European governments grew from less than 25 per cent of GDP in 1980 to more than 55 per cent in 1994.²³ According to IMF figures for the member states of the Group of Seven, domestic credit as a proportion of gross domestic product rose from 44.48 per cent in 1955 to 104.54 per cent in 1994. The world

bond market (which is closely tied to the financing of government budget deficits) tripled in size between 1986 and 1997.²⁴ The growth in world money transactions has been far faster than the growth in world trade: while yearly transactions in the London Eurodollar market represented six times the value of world trade in 1979, by 1986 were about 25 times the value of world trade and 18 times the value of the world's largest economy.²⁵ Well over a trillion dollars are exchanged daily on the world's foreign exchange markets, and this figure increased about 30 per cent a year in the 1990s. The late 1980s and the 1990s saw a massive rise in the expansion of debt through securitization – the development of new forms of property in debt, particularly the so-called 'derivatives': the derivatives markets grew at the rate of 140 per cent a year from 1986 to 1994.²⁶ In Wall Street, price-earning ratios on shares are at record highs.²⁷

The separation between real and monetary accumulation is crucial for understanding the instability, volatility, fragility and unpredictability of capitalism today. Since the whole financial structure of capitalism is so heavily based on credit and debt, any default or threat of default by a major debtor (such as Mexico) can cause great upheaval in the financial markets: the urgency with which the international package to support the peso was put together was related to fears that the Mexican government could default on the payment of its debt. More generally, the autonomization of the financial markets which the non-destruction of fictitious capital supports implies the possibility of creating ever more sophisticated financial instruments of doubtful validity; it also implies the increasingly rapid movement of greater and greater quantities of money on the world's financial markets, and therefore a radical change in the relation between individual states and world capital.²⁸

All this does not mean that world financial collapse is imminent. It does, however, mean that a chronic financial instability has become a central feature of contemporary capitalism, and that the possibility of a world financial collapse has become a structural characteristic of capitalism, even in periods of rapid accumulation. It may (or may not) be that the leading capitalist states and banks can continue to manage this instability in such a way as to avoid global financial collapse, but this instability management involves all the violence, arbitrariness and discrimination that debt collection and administration always involve: the discriminatory and (regionally) selective imposition of crisis.

This, then, was the world into which Zapata rode on 19 December 1994: a fragile world of false appearances, growing insecurity and the violence and authoritarianism inherent in crisis and debt administration.

IV.

When the Zapatistas brought their insubordination onto the world's financial markets, they brought it into a world that had already been shaped by insubordination. The extent to which the reproduction of capitalism now depends on the constant expansion of debt is the clearest indication of capital's incapacity to adequately subordinate labour. The insubordination of labour has entered into the very core of capital as chronic financial instability.

The point was made clearly by the US politician Bernard Baruch, when Roosevelt abandoned the Gold Standard in 1933 in order to meet social pressures for more flexible economic and social policies: 'It can't be defended except as mob rule. Maybe the country doesn't know it yet, but I think we may find we've been in a revolution more drastic than the French Revolution. The crowd has seized the seat of government and is trying to seize the wealth. Respect for law and order is gone.'²⁹ The mob had been allowed into the very heart of capital. The government had given in to social discontent by adopting policies that would undermine the stability of the currency.

That was the essence of the debates of the inter-War period surrounding the restoration and then the abandonment of the Gold Standard. While Keynes and those of like mind argued that it was necessary to adapt capitalist rule to incorporate the new strength of labour by accepting a new, expanded role for the state and more flexible monetary policies, their opponents argued that to do so would undermine the long-term stability of money and therefore of capitalism.³⁰ Baruch and his friends (the 'old-world party', as Keynes called them) were, of course, right, but in the short term they lost the argument: the mob was allowed into the heart of money and, as we have seen, monetary stability was undermined.

The same argument arose again in the 1970s when the crisis of Keynesianism became manifest. Now it took the form of an argument about the need to limit democracy (and the role of the state): the undermining of monetary stability was discussed in terms of the 'economic consequences of democracy'.³¹ More recently, the argument has taken the form of advocating greater independence for central banks from government (and therefore formal-democratic) influence. In each case, the struggle of capital has been to get the mob out of money. In each case, it has failed, simply because, as we have seen, the integration of labour through the expansion of debt and the avoidance of crisis has taken such proportions that the measures required to restore capitalism

to financial stability would be so drastic as to threaten the existence of capitalism itself.

What is at issue in the current financial instability of capitalism is capital's absolute dependence on the subordination of labour and its incapacity to overcome that dependence. Marx suggests, in his discussion of value, that there is a fundamental weakness at the core of capitalist strength, a contradiction that constantly subverts capital's presentation of reality, a dependence that undermines its domination. That contradiction is constituted by the fact that labour is the only source of value, or in other words that capital depends on labour for its own production and reproduction.³² Capital will be reproduced only if it succeeds in subordinating labour. All that Marx says about the contradictions of capitalism stems from this simple relation of dependence.

The subordination of labour clearly involves the direct control of wage-labour, and all that follows from that in terms of the organization of the labour process and the development of technology. The notion of wage-labour, however, already pre-supposes subordination: it pre-supposes in large part, therefore, the resolution of capital's problem and provides the basis for a very narrow concept of class and class struggle. If the central problem for capital is its dependence on the subordination of labour, then we must cast our gaze far wider than simply asking how capital makes the subordination of labour effective. Workers do not come pre-packaged, as the materialization of pre-subordinated labour. Capital's reproduction depends not just on the effective exploitation of pre-subordinated labour, but on the constantly renewed transformation of social practice into subordinate labour, the constantly renewed metamorphosis of human creativity into exploited labour, the constantly renewed subjection of creativity to the demands of valorization. What aggravates the dependence of capital upon labour, then, is not just the struggle of wage-labour for higher wages or better conditions, but the five-billion-headed struggle against the subordination of social practice to value. If capital's struggle is to alienate, fetishize, degrade humanity (the creativity that makes people human) into subordinate labour, then anti-capitalist struggle is simply the struggle against dehumanization and for humanity, dignity in other words, the everyday stuff of life.³³

When the Zapatista action of 19 December 1994 sparked off an international financial crisis, it was not an intrusion into a financial world that just happened to be going through a moment of fragility. It was rather a new act of insubordination that was added to years and years of insubordination and non-subordination that had already undermined the stability of the financial system. Such insubordination or

non-subordination takes many forms: it may be the classical working class struggles against employers, or overt rebellion, as in the case of the Zapatista uprising, or it may simply be the grinding, corrosive non-subordination of life to the command of capital: all of those types³⁴ of insubordination make more desperate the struggle of capital to achieve the subordination of labour on which its existence depends. The inherent incapacity of capital to free itself from its dependence on labour constitutes its fragility.

V.

The Zapatista uprising takes place in a world characterized by financial instability. The question, then, is not whether the Zapatista action 'caused' or did not 'cause' the devaluation. The point is rather that the fragility of the capitalist financial system is such that the Zapatista action did precipitate a flight of capital, which led to the devaluation of the peso, with dramatic consequences for the finances of the whole world.

Mexico was probably the most concentrated expression of the world fiction of a capitalism increasingly based on debt. In the previous years Mexico had become an important focal point of the world tension between value and its monetary representation, between the reality and appearance of accumulation. The huge inflow of (speculative) money capital into Mexico in the years prior to 1994 had bolstered an exchange rate that did not reflect the generation of profits in the country (i.e. the level of exploitation of the workers in Mexico). This inflow, however, can not be seen as a peculiarly Mexican phenomenon: rather it was just one expression of the separation between money and production at the world level. The separation between money and production means precisely that: that the money will flow to the part of the world in which it has good prospects for rapid expansion, irrespective of the productive base. The autonomization of the financial markets implies that the gap between money and production will be concentrated with particular intensity in one part of the world (or one particular currency) or another. The fictional basis of capital accumulation is worldwide, but its geographical impact is constantly shifting with the spatial flow of capital. In the years before the devaluation, Mexico had become one of the most important centres in the world of the tension implied in the fictional base of accumulation. The bursting of the bubble in Mexico does not mean an end to that tension, but simply that it moves on to somewhere else (East Asia, for example).

The fact that the country that was one of the most fragile points in the world financial system was also the location of one of the most important revolutionary movements in recent years is not mere chance. The Mexican state's policy of encouraging the inflow of capital in whatever form was part of its attempt to overcome its declining legitimacy. The more manifest the instability of the political regime, particularly after 1 January 1994,³⁵ the more desperate the measures taken by the state to maintain the flow of capital into the country. In other words, although it is not necessarily the case, the rise of political insubordination, far from frightening capital away in the first place, may generate, through state policies, conditions that are particularly favourable for the short-term expansion of capital. The more unstable a political system, the greater the lengths it will go to to attract the inflow of capital necessary to bolster its position; the more desperate capital is to find a means of self-expansion, the more likely it is rush into risky situations, in the hope that it will be able to get out again before the crash comes. In a capitalist system increasingly dependent on the expansion of credit (and on the autonomization of the financial system that such a development implies), there will be a tendency, at least, for radical insubordination (or revolutionary activity) and the most vulnerable points of the world financial system to coincide. The link between the Zapatista action of 19 December and the 'systemic risk' to world capitalism is not just a one-off event, but suggests a growing interconnection between rebellious or revolutionary activity on the one hand and the financial instability not just of particular countries but of world capitalism.³⁶

What are the implications of this coming together of revolutionary activity and monetary instability? The link between the Zapatista action and the monetary instability can be understood in two quite different ways. It can be seen as a remarkable display of the power of insubordination: the action of rebels in the jungles of Chiapas leads to political instability in Japan, and so on. It can also be seen as a remarkable display of the power of capital: money and its turbulent movement appears to impose severe limits on what can be achieved within any national (or otherwise territorially defined) area. Both understandings are correct: both moments are present, the power of insubordination and the power of capital. Since the future of the world (and in this moment the future of Mexico) is being played out in the interplay of these two moments, it is worth focusing on each of them before returning to the question of their interrelation.

VI.

The Zapatistas frightened capital away. Capitalists do not like insubordination. They do not like struggles that put the security of their investments at risk. When profits are threatened by insubordination, capital flees. When the government linked the devaluation of the peso to the action of the Zapatistas, this was not simply a ploy to discredit the Zapatistas: its basis was the fundamental and obvious point, that human dignity and capital are mutually incompatible. The devaluation resulted from the fact that capital fled from the Zapatistas' dramatic act of insubordination.

Capital might not have fled from Mexico if conditions otherwise had been such as to offer good prospects of profit. The flight of capital from the Zapatistas revealed that there was a more general problem for capital in Mexico, namely that labour in Mexico was not productive enough to generate the sort of profits that would entice capital to stay in spite of the Zapatistas. The flight of capital laid bare the inadequacy of the exploitation of labour in Mexico, the inadequacy of the subordination of labour. The flight of capital made clear the continuity between the open subordination of the Zapatistas (and others) and the inadequacy of the subordination of workers more generally in Mexico to the demands of capital. (Hence the importance of parties and dancing in the Zapatista discourse: parties as the symbol that we are still human, that we have not (yet) been reduced by capital to total subordination.)

Capital was frightened away by the Zapatistas, but it was fleeing from the combination of the insubordination and non-subordination of labour in Mexico: its flight expressed the unity of the antagonism (overt and latent) of labour (in its broadest sense) to capital. It 're-composed' labour, brought together resistances to capital that had appeared to be separate.³⁷

This recomposition took place in the first instance in the area defined by the currency, the Mexican state. However, the flight of capital quickly became a much more general flight from countries in which the conditions of profitable expansion did not seem sufficiently secure. The specific fright of capital provoked by the Zapatistas was turned into a much more general and ill-defined fright. Capital fled towards 'quality', and away from all those areas in which the combination of insubordination and non-subordination appeared to threaten the security of profits. In many cases the condition of budgetary deficits was taken as the measure of the stability of capitalist control. In the case of Sweden, for example, the flight of capital was prompted by the government's

inability to reduce its budgetary deficit, which in turn reflected the strength of popular resistance to cuts in welfare provision. The worldwide 'flight to quality' provoked by the Zapatista action was a flight from all those countries in which the combination of insubordination and non-subordination (real or suspected) put the expansion of capital at risk. The recomposition of labour, or bringing together of resistances to capital that had appeared separate, was thus not just within Mexico, but took place throughout the world. The devaluation of the Swedish krona, for example, resulted not just from the struggle of workers and welfare recipients in Sweden against the cuts in the welfare budget, but from the coming together of these struggles with the flight of capital provoked by the Zapatistas. The financial crisis in Sweden thus expressed the unity of the struggles of the Zapatistas in the Lacandona Jungle and those of single parents (say) in Stockholm.

The relation between the Zapatista action and the turbulence of the world's financial markets is not an external one. It is not that the *subjective* action of the Zapatistas takes place in an *objectively* unstable structure. Rather, the extent of the turbulence and financial instability indicates the extent of insubordination and non-subordination throughout the world.³⁸ The Zapatista action punctured the fiction of subordination not only in Mexico but throughout the world.

The puncturing of a fiction, in a world in which capital accumulation is increasingly based upon a fiction, is central to the 'uniting of dignities', to any recomposition of labour. The idea of exposing a fiction, of attacking an untruth, has been central to the Zapatista discourse from the beginning. Dignity and truth have been put forward as the central values of the rebellion. The word of the EZLN is, they say, the word of those 'armed with truth and fire'. The wearing of the mask is a way of making themselves seen and drawing attention to the fact that it is the other side, the side of Power, that hides behind a mask of falsehood. The lesson that the technocrat-politicians have learned in their postgraduate studies abroad is always the same: "Pretend that you know what you are doing". "This is the fundamental axiom of the politics of power in neo-liberalism", their master has told them.³⁹

The wave of monetary turbulence set off by the Zapatista action is thus the integration of the Zapatista insubordination into the in- (and non-) subordination of the world. That this wave of insubordination was seen as creating a 'systemic risk' at a moment when anti-capitalist struggle is so often proclaimed to be dead is eloquent testimony to the fact that insubordination is very much alive and shaping the world far beyond the confines of the Lacandona Jungle. The monetary resonance

of the Zapatistas is just part of the extraordinary resonance of their cry of '¡Ya basta!'.

The most important thing about the world financial instability that flowed from the Zapatista action of 19 December is that it was a dramatic illustration of the enormous power of insubordination (and non-subordination) of labour (human dignity, in other words) throughout the world. This should be shouted from the rooftops, again and again and again.

VII.

The Zapatistas shook the financial world. But nobody shouted 'Bravo! Bravo! More! More!' Why not? Because the flight of capital from the Zapatistas was simultaneously a counterattack by capital. The same instability that shows the power of insubordination also shows the power of subordination. If insubordination showed its power by frightening capital away, capital showed its power by fleeing.

In some ways the flight of capital has been a more effective display of the power of capital against insubordination than any military intervention.⁴⁰ Rates of exploitation have risen sharply. It is hard to know how many people have died as a result of the flight of capital, but presumably more than have been killed by direct military action against the Zapatistas since the beginning of 1994. The movement of money has acted with particular ruthlessness as capital's 'police force'.⁴¹

The flight of capital makes clear the reality of a society in which the production of material wealth is based on the subordination of labour. In such a society, insubordination brings material costs. In a society based on the crushing of dignity, the proclamation of human dignity means material loss. It is not so much administrative action that imposes these costs as the simple movement of money: money moves away from insubordination, away from the proclamation of dignity. This is what makes a national revolution, or indeed a 'national liberation' very difficult to imagine. Either the state in question tries to make itself attractive to capital, in which case there is no revolution or liberation at all, or else considerable material loss results. The only way in which the antagonism between money and liberation could be overcome would be through the liberation of the entire world, that is, the abolition of money.

It is now clear why nobody shouted 'More! More!' when the Zapatistas frightened capital away. The movement of money confronts the Zapatistas with two major obstacles. First, it would be very difficult

for them or their supporters to say openly that their action had brought material loss to the people of Mexico. Second, it is difficult for a movement that presents itself as one of national liberation to say that national liberation is a chimera, that the only possibility is world liberation (although their political practice has become increasingly oriented towards world liberation). However, if it is not said that the flight of capital is the expression of the power of insubordination, then there is a danger that the movement of capital appears as an unavoidable necessity, a law of nature to which one must submit. The wave of monetary turbulence in the world then appears not as the monetary expression of a wave of insubordination but as a series of national problems, the result in each case of mistaken economic policies or the weakness of governments in conceding too much to social pressures. If the movement of money is not confronted as the expression of the world power of the enemy, capital, then the only possibility is to bow to the great principle of capitalist rule in the 1980s and 1990s: *There Is No Alternative*.

The world monetary turbulence, then, not only recomposes labour: it simultaneously decomposes it. Like a great flash of lightning, it shows the interconnections and then leaves us in a more profound darkness than ever. The flight of capital to 'quality' establishes a unity between struggles in different parts of the world, but it does so in a form that simultaneously conceals (or fetishizes) that unity. While it is certainly true that the devaluation of the Swedish krona results from the combined impact of the action of the Zapatistas and the struggles of welfare recipients in Sweden, the form in which the unity of action is established simultaneously makes the connection invisible. Money divides in the process of uniting. Within Mexico too, the devaluation is the combined result of the insubordination of the Zapatistas and the in- and non-subordination of labour in general, but it does not appear as such. On the contrary, the devaluation presents itself as the intervention of a cruel reality, which must be accepted, making struggle pointless.

The monetary response to the Zapatista action is at least as violent as a direct military response. The political effect, however, is very different. Money is a far more effective weapon for capital than brute force. Where the open military intervention of the first days of January 1994 and of 9 February 1995 had the effect of stimulating struggle against the Mexican government in Mexico and throughout the world, the effect of the monetary assault has been, tendentially at least, to weaken struggle. Money has always been the principal form of capitalist rule, military force its uncouth henchman. But that is now more true than ever. Neo-liberalism is the naked rule of money, a rule so effective, so violent,

that military dictatorships have become increasingly redundant: the violence of the everyday, 'democratic', policing to enforce respect for the increasingly obscene rule of money is sufficient.⁴² To attack neo-liberalism (not a policy, but the capitalism of the late twentieth century) is to attack the rule of money: not of the banks, not of a group of finance capitalists, or of a political party or clique, but of money. Until money (capital) is attacked, no seizure of power, no electoral victory will eliminate its violence. Until money itself is attacked, no liberation, either national or otherwise, is possible.

VIII.

Where does all this leave us? Any reflection on the world today seems at moments to be filled with hope, more often to be full of horror. Those of us who insist on hoping, who insist on thinking that there must be some way of getting away from the horrors that confront us on every side, some way of creating a radically different world, often feel that we are screaming in a padded cell, insane and without echo. To know that we and we alone are the crisis of capitalism gives us no certainty but it does give substance to our hope.

The reality of capitalism today is an increasingly vicious reality, within which political (i.e. state-oriented) options are more and more restricted, and more and more tightly policed by the movement of money. The reality of capitalism is, however, at the same time a fragile reality. Its fragility is concentrated in the fragility of the world monetary system: a fragility that is grounded in the increasingly fictitious character of capital accumulation. Lipietz poses the issue strikingly in terms of an 'image which has been haunting me since the crisis began – the image of a cartoon character who has gone over the edge of a cliff and carries on walking on thin air. This seemed to me to illustrate the position of the world economy, which continues to work "on credit" while the actual ground on which post-war growth has been based... crumbles beneath it'. Lipietz himself is concerned to ensure that the character does not go 'crashing into the abyss'. Certainly that has been the main preoccupation of international economic policy co-ordination over the past 20 years at least. At times the salvation of the cartoon character has been envisaged in terms of setting his 'feet back on solid ground':⁴³ that was what was attempted by the pursuit of tight monetary policies before the 'debt crisis' of 1982. This caused both enormous hardship and almost sent the character into the abyss. More often, saving the salvation has been understood in terms of keeping the

character afloat through the increased expansion of credit. The international bail-out of the peso with \$50 billion dollars (and, more recently, the international packages of 'support' for the East Asian economies) is an example of this policy. The problem with this approach is that it reproduces the fragility and volatility of capitalism on an expanded scale, together with all the misery and starvation that accompanies it. The so-called discipline of the market is increasingly mediated through the arbitrary (and corrupt) state regulation of punishment, as states choose which debtors should suffer annihilation (either as companies or as physical people) and which must be saved in the interests of keeping the cartoon character afloat, in accord with the 'too big to fail doctrine'.⁴⁴

But what do we want to do with the cartoon character, we who hope for a different world, we who are screamed at by the horrors of the present? Do we put its feet on the ground, keep it afloat or send it crashing into the abyss?

Push it into the abyss.

There is no other way to imagine the end of capitalism and the beginnings of a society in which human existence is not ruled by the god of money. Movements which aim to transform society radically will *always* provoke monetary upheaval as capital flees and counterattacks-by-fleeing. Revolutionary attacks on capital will *always* provoke tremors that appear to be internal to capital. The only possible way of thinking about a revolution is in terms of capitalism being eaten from the inside as it is eaten from the outside: monetary instability joining with overt revolutionary action to produce change.

But would monetary collapse not bring about the barbarism of which socialists have always warned? Is the barbarism of collapse the only alternative to the barbarism of capitalism?

The quotation that stands at the beginning of this chapter suggests another option. Marcos suggests there that it is the 'uniting of dignities' that has the capacity to bring about the downfall of money, 'its rapid transition to part of a nightmare that is coming to an end, the conclusion of a historical phase ruled by arrogance and stupidity'. The argument in this chapter has been that it is indeed the 'uniting of dignities', or, in other words, the coming together of the in- and non-subordination of labour, that is behind the instability of money. It is this uniting of dignities which makes it possible to conceive that the crashing into the abyss of the cartoon character, Money, would be the liberation rather

than the damnation of humanity, the liberation of the human potential to solve the world's problems rather than its annihilation.

The uniting of dignities has not taken the form of the development of a world revolutionary party, as envisaged by revolutionaries in the earlier part of last century. It is now clear that the myriad ways in which people fight for their humanity will not let themselves be so easily defined, and that the 'uniting' of their dignities is a far less structured and far less visible uniting than had previously been foreseen. Rather than the discipline that a party requires, it seems far more realistic to think of the 'uniting of dignities' as a 'network of voices that, in the face of the deafness of Power, chooses to speak to itself, knowing itself to be one and many, knowing itself to be equal in its aspiration to listen and make itself heard, recognising itself to be different in the tonalities and levels of the voices which form it.'⁴⁵

This may seem insane, as it always has done to politicians and their theorists, just as the totally absurd uprising of the Zapatistas on the first of January 1994 was insane.

And yet they made the Power of Money tremble.

Notes

1. Communiqué of 29 September 1995. Note that this remark was made in another context, not in direct reference to the events following 19 December.
2. On the concept of dignity, see Holloway (1998).
3. *La Jornada*, 20 December 1994.
4. The IMF report on the devaluation of the peso quite wrongly refers to this event as 'violence in Chiapas' (International Monetary Fund, 1995, pp. 53–4).
5. *El Financiero*, 23 December 1994 calculates the outflow of capital in the first three weeks of December at \$7.5 billion.
6. This does not mean, of course, that the Zapatistas were 'to blame', nor that they 'caused' the devaluation. There is little doubt, however, that it was the Zapatista action that triggered off the flight of capital that led to the devaluation.
7. Investors who did not get their capital out fast enough lost heavily. According to the *Financial Times* of 23 December 1994, 'US institutions which have become big investors in emerging markets – and especially in Mexico – are estimated to have lost up to 20% of their holdings in the country this week'; and 'Investors who hold Mexican assets have lost billions of dollars in a couple of days, as big currency losses have compounded market downturns'. Some weeks later, the estimates were even more drastic: 'The Mexican crisis which has seen dollar-based equity investors lose more than 40% in less than a month.' (*Financial Times*, 12 January 1995).

08. The term 'emerging markets' refers to the financial markets outside the main financial centres. These had seen a very rapid development in the previous few years, and Mexico had played a leading role. An emerging market is defined by the International Finance Corporation, an arm of the World Bank, as a country with gross national product per head of less than \$8,355. According to Baring Securities, the broker, some \$200bn of emerging market equities were held by foreign investors at the end of 1993, compared with just \$2.1bn in 1986. Emerging markets grew rapidly in the early 1990s, when US interest rates were low: 'Overseas investment by US equity investors doubled from 42.3bn in 1992 to 84.8bn in 1993, according to Baring Securities' (Phillip Coggan in *Financial Times*, 7 January 1995). See also IMF (1995, pp. 2ff).
09. Quality was identified especially with Germany, Switzerland and Japan: see *Financial Times*, 12 January 1995.
10. This is reflected in the headlines of the financial press in those days. See for example the *Financial Times* of 13 January 1995: 'Currency turmoil hits dollar: Pressure on European and Asian markets as "flight to quality" continues'; and 'HK interest rates rise to defend dollar: Fallout from peso collapse in Mexico hits Asia'.
11. The part contributed by the IMF (\$17.8bn) was 'three and a half times as much as the IMF has ever lent to any other country' (*Financial Times*, 16 May 1995). As Cockburn and Silverstein point out (1995, p. 20), this 'should not be seen so much as a "rescue" in any sense of restoring the Mexican economy to health, but as a way of keeping Mexico "in play"'. As the *Financial Times* put it (1 February 1995), the purpose of the credit was to 'reassure investors that the [Mexican] government would not renege on its foreign obligations'.
12. Cockburn and Silverstein (1995, p. 18), quoting the *New York Times* (no date).
13. Quoted in Le Bot (1997, p. 255).
14. Note that credit does not explain the crisis. This has to be explained in terms of the deterioration of the conditions of accumulation.
15. See, for example, Bonefeld, Brown and Burnham (1995, p. 39): 'From the late 1960s depressed rates of accumulation and depressed rates of profit coincided with rapid monetary expansion. There has been a persistent growth in the imbalance between the expansion of money and the creation of assets against which to charge the expansion of money.'
16. For a discussion of this, see Bonefeld (1995) and Bonefeld and Holloway (1995a).
17. See, for example: Kaufman (1986); Congdon (1988); Magdoff and Sweezy (1987).
18. See Bonefeld, Brown and Burnham (1995, pp. 66–8): 'The crash did not result in a meltdown of the stock market. This was prevented by a huge reflation package which included the lowering of interest rates, the relaxation of controls on the money supply, and financial support for banks and other financial institutions. The reflation package helped to sustain the credit based boom. Samuel Brittan's advice was well observed: "When a slump is threatening, we need helicopters dropping currency notes from the sky. This means easier lending policies and, if that is not enough, some mixture of lower taxes and higher government spending" ... "By the end of the 1980s

- bank loans in the US had more than doubled and in Japan they were three times their level at the beginning of the decade" (Harman, 1993, p. 15)'.
 19. For a discussion of this, see, for example, Grant (1996).
 20. See, for example, John Plender in the *Financial Times* 13 February 1995: 'US investors' urge to buy \$27.5 bn of emerging market equities between 1990 and the first half of 1994, compared with only \$1.2bn in the previous 10 years, partly reflected the new fashion for diversification. But it was more a *speculative spillover from the loose monetary policy that was required to deal with the problems of the banks.*'
 21. Grant (1996) wonders why the speculative boom in the United States had not led to a recession. The answer is surely that the 'Mexican' crisis was in part the collapse of the US bubble, as were later the East Asian, Russian and Brazilian crises.
 22. *Financial Times*, 31 October 1994.
 23. *Financial Times*, 16 January 1995. Also see Walter (1993, p. 215): 'Between 1976 and mid-1987, aggregate US debt rose from \$2.5 trillion to nearly \$8 trillion, and the ratio of total debt to GDP rose from 136 per cent to 178 per cent ... the indebtedness of the private sector in Japan has risen substantially in recent years: the indebtedness of non-financial companies increased from 94 per cent of GDP in 1975 to 135 per cent of GDP in 1990, while that of households increased from 45 per cent to 96 per cent of disposable income over the same period'. Between 1985 and 1997, total US household debt as a percentage of disposable personal income rose from just over 60% to almost 85% (*Financial Times*, 2 January 1998).
 24. Warburton (1999, p. 3). Also: 'The world bond market has grown from less than \$1 trillion in 1970 to more than \$23 trillion in 1997'.
 25. Walter (1993, p. 197).
 26. See International Monetary Fund (1995, p. 18).
 27. For a detailed discussion of the expansion of debt in the 1990s and the dangers of financial collapse, see Warburton (1999).
 28. It is calculated that in 1992 daily world foreign exchange turnover averaged about \$1 trillion. Total 'central bank reserves are less than the equivalent of *two days* turnover in the world's foreign exchange markets, which indicates that one central bank or even a number of central banks intervening together in exchange markets cannot hope to oppose a concerted onslaught on a particular currency or currencies by the exchange markets' (Walter, 1993, p. 199). On the changing relation between money and the state, see Bonefeld and Holloway (1995).
 29. Quoted in Schlesinger (1959, p. 202).
 30. For a full discussion of this argument, see Holloway (1995).
 31. See Samuel Brittan's book of that title: Brittan (1977).
 32. For a fuller discussion of this argument, see, for example, Holloway (1995a).
 33. The so-called tendency of the rate of profit to fall can be seen, therefore, as meaning simply that as capitalism progresses, there is a tendency for the contradiction or relation of dependence to grow more intense, that capital is driven to subordinate social practice more and more intensely.
 34. There seems little reason to draw sharp distinctions between the different forms, calling one class struggle and another not. Clearly there are differences in the extent to which different forms of insubordination affect the reproduction of capital, but these differences are neither abrupt nor evident.

35. Both the instability of the regime and the inflationary creation of money were also greatly increased as a result of the assassination of the ruling party's candidate for the Presidency, Luis Donaldo Colosio, on 23 March 1994.
36. Marxist debate in the early part of the century was much concerned with the relation between revolution and what was seen as capitalism's tendency towards collapse. In the events of 19 and 20 December 1994 and their sequel, the two seem to come together in a remarkably clear fashion: on the one hand, the well-planned action of a revolutionary group, on the other a wave of turbulence that illustrates the fragility of the existing structure of world capitalism. Revolutionary action and capitalist instability come together, but it is not clear what can be learnt from all this about the possibility of revolution (or the collapse of capitalism).
37. In an interview published recently, Marcos comments on the financial crisis: 'I believe that our actions opened something like a hole in a pressure cooker, that's why it explodes. But in Mexico, in concrete, things are overturned because the poverty of the indigenous comes to be shared by millions of Mexicans. Everything is generalised. The government really had a focus of unrest that it had to wipe out. Or rather, the indigenous were no longer simply people to sympathise with; now they could become comrades in struggle for many people who now started to have the same standard of living, in the same conditions of poverty' (Le Bot, 1997, p. 256).
38. Non-subordination and insubordination can, of course, be understood only in relation to the changing subordination demanded by capital.
39. In a communiqué of 17 July 1995 (*La Jornada*, 20 July 1995), Durito, the beetle, tells Marcos: 'Let us suppose now that a young generation of "junior politicians" has studied abroad how to "save" this country in the only form in which they can conceive of its salvation, that is to say, ignoring its history and attaching it to the tail of the express train of human brutality and imbecility, capitalism. Let us suppose that we gain access to the notebooks of these students without a homeland. What do we find? Nothing! Absolutely nothing! Are they bad students? Not at all! They are good, fast students. But it turns out that they have learnt only one single lesson in each of the courses they have taken. The lesson is always the same: "Pretend that you know what you are doing". "This is the fundamental axiom of the politics of power in neo-liberalism", their master has told them. They ask "And what is neo-liberalism, dear teacher?" The master does not respond, but I can deduce from his face of perplexity, his reddened eyes, the saliva dribbling though the cracks in his lips and the obvious wear of his right sole, that the master does not dare tell his pupils the truth. And the truth is, as I discovered, that neo-liberalism is the chaotic theory of economic chaos, the stupid exaltation of social stupidity, and the catastrophic political implementation of catastrophe'.
40. The flight of capital from the Zapatistas and from the general inadequacy of the subordination of labour in Mexico has had a dramatic effect on the living standards of most people in the country. Unemployment rose sharply, the purchasing power of wages fell equally sharply, supermarket sales fell by about 30 per cent in a year, indices of suicides and violence rose, as did the numbers of people living in extreme poverty.
41. On money as capital's police force, see Bonefeld, Brown and Burnham (1995).
42. The unity of money and violence is illustrated by the Mexican government's military intervention against the Zapatistas on 9 February, in response

(in part at least) to the anxieties of bankers after the devaluation of December 1994. The pressures to which it was responding are illustrated by an internal memorandum of the Chase Manhattan Bank on 13 January 1995 which said, 'While Chiapas, in our opinion, does not pose a fundamental threat to Mexican political stability, it is perceived to be so by many in the investment community. The government will need to eliminate the Zapatistas to demonstrate effective control of the national territory and security policy', quoted by Cockburn and Silverstein (1995, p. 18).

43. Lipietz (1985, pp. 5–7).

44. See, for example, John Plender in the *Financial Times*, 13 February 1995: 'The US banking system is uniquely prone to moral hazard as a result of excessively generous deposit insurance and a "too big to fail" doctrine for dealing with troubled banks. The urge to extend safety nets to all-comers has now been extended to foreign bond fund investors on the implausible argument that a Mexican default would have threatened the whole financial system. What better way could there be to encourage fiscal profligacy and more trouble in banking with sovereign borrowers.'

45. Closing speech by Marcos to the Intercontinental Meeting in La Realidad, July 1996: Subcomandante Marcos (1996).

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8

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

Johannes Agnoli

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 therewith 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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