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The West German State Derivation Debate: 
The Relation Between Economy 
And Politics As A Problem Of Marxist State Theory

ELMAR ALTWATER AND JÜRGEN HOFFMANN

In order to understand the peculiarities of the West German state discussion since the late 1960s, especially the state derivation debate (Staatsableitungdebatte), it is necessary to review the historical preconditions of that country's social trajectory.

First, the critical and thereby also marxist tradition, which had been blossoming in the Weimar period, was interrupted by the Nazi terrors and then to boot by the postwar Stalinist vulgarization, so that the more recent marxist discussion found little to connect up with. For decades the Frankfurt School offered the most important theoretical reference point for the maturing critical left — aside from a few isolated scholars who considered themselves to be working within the marxist tradition (Wolfgang Abendroth, Leo Kofler, and Ernest Mandel, the lastnamed having done much for the preservation of marxism in the Federal Republic).

Second, West Germany did not live up to the many leftist predictions of economic collapse and progressive impoverishment. In particular, it did not live up to the prognoses of the Communist Party circles, which adhered closely to the line of the official socialist camp. Instead, West German society experienced an "economic miracle" in the 1950s and 60s. The political development of the Federal Republik into an anticommunist, authoritarian democracy under Chancellor Adenauer in the 1950s was thus sustained by a broad consensus. This consensus made possible the marginalization, indeed criminalization, of the left (best expressed in the outlawing of the Communist Party in 1956).

Third, in the course of these events the Social Democrats [SPD] adjusted to the demands of restoration, an adjustment consummated in the famous "Bad Godesberg Turn" of 1959. Yet this adjustment was a thoroughly active one in the sense that they developed a distinctive political project of "domestic reform" coupled with detente in foreign affairs (Brandt's Ostpolitik). After a long period of neoliberal economic policy, they put forth what might be called an enlightened Keynesianism, geared towards full employment and redistribution of income for the benefit of the broad masses.

Fourth: These three factors not only had decisive influence on West German social theory (from left to right), but, starting in 1965/1966, also served as the socio-political point of departure and frame of reference for
the student movement. The latter, in turn, was to become the nucleus for the renewal of marxist theory. Its experience with a praxis of social change had a decisive effect on the state discussion and, not less importantly, served to focus the general theoretical debate of the left specifically on the state itself.

1 The Historical Context of the State Discussion

Fascism ended critical discussion in Germany. From then on, the dialogue among German exiles about the marxist legacy was shaped strongly by the theoretical and political ambience of the countries to which these scholars and politicians were forced to emigrate. This was as much true for the development of “critical theory” by the members of the Frankfurt Institute for Social Research who largely fled to the US after 1933, as it was for the consolidation of so-called revisionist currents within social democracy in exile (heavily influenced by the Swedish and English experiences), as indeed it also was for the elaboration of the theory of state monopoly capitalism (Stamokap) by the Communist Party in exile. In the early years after the founding of the Federal Republic, none of these three theoretical groups was able to achieve significant political power. Furthermore, as the Federal Republic developed and the apolitical euphoria of the economic miracle increased, the social importance of all varieties of marxist theory decreased; irrespective of quality, they could thus be characterized as unscientific, ideological, even “inimical to the constitution.”

This process, which theoretical “loners” like Abendroth, Mandel and the returning members of the Frankfurt Institute were unable to prevent, can be traced in part to the political eradication of the workers’ movement under fascism. Equally important, however, was the “success” of rejuvenated West German capitalism and the formation of a new “basic consensus” in the population (and, correspondingly, in science [Wissenschaft]), due essentially to the stability of capitalism (the “economic miracle”) and the anticommunism of the cold war. A discussion of marxist theory had no place in this social context: its diagnosis and prognosis seemed to be refuted as much by the actual success of capitalism as by the unconvincing example of communism in the GDR. And unless such a development accorded with the premises of the position at the time — as in the case of the Frankfurt School, whose socio-political pessimism was confirmed rather by the actual “Americanization” of West German society — there remained only a defense along theoretical lines. This took the form of an insistence on democratic principle, as constitutionally sanctioned, and it sought by means of resistance against authoritarianism to preserve at least the option of social emancipation. (This is particularly clear in Abendroth’s work in the 1950s and 60s; cf. Abendroth 1968.)
The development of West German democracy into an authoritarian state and social system under Adenauer and his Christian Democratic successor was impossible to overlook. This process was sustained by the de facto survival, even restoration, of pre-1945 authoritarian structures (including continuities in personnel from Nazism). It was this authoritarian state — which had lost or integrated its opposition through the Great Coalition between the SPD and the Christian Democrats in 1966 — rather than social and economic conditions that became the impetus for critical currents in science, and, above all, for the revolt of intellectuals in the latter half of the 1960s. The revolt was aimed against the “restructuring” (“Formierung”) of society through the Great Coalition, against the emergency laws instituted with the its help, and against the corporatist integration of the unions in the triangular “Concerted Action” between capital, labor and state. Theoretically, this “new critique” was based on the Frankfurt School’s analyses of the “authoritarian state of late capitalism” (Adorno, Horkheimer, Marcuse) and on concrete analyses of the “transformation of democracy” (Agnoli 1967). (It was no accident that the theoretical journal of the Socialist Students’ Association [SDS] was named “The New Critique”).

With the forming of a new government of social democrats and liberals in 1969, the state necessarily became a more central topic of leftist discussion. The regime euphorically proclaimed a program of regulation of economic and sociopolitical development, with the aim of full employment and fairer distribution of wealth. Furthermore, under the slogan, “Dare for more democracy,” (Mehr Demokratie wagen, Brandt 1969), it took seriously the student movement’s basic socio-political demands, and promised to implement them (for example, in education, health and criminal law, as well as with regard to the protection of minorities). Suddenly, the possibility of the state reforming society in the sense of social emancipation seemed very great, a perspective which gripped many parts of the student movement. In the years immediately after 1969, social-democratic reform policy was able to produce a broad consensus which extended from the progressive middle class through to the previously oppositional critical intelligentsia. The political system seemed to enjoy a relatively autonomous capacity to regulate the capitalist economy in order to produce a more just social order. Economic crises seemed finally relegated to the past; anticyclical management of effective demand was to transform “growth cycles” into balanced growth with full employment and price stability. These ideas were not only present in mass consciousness, in the rhetoric of the social democrats and the unions, and in the self-conception of the political class; they were also theoretically formulated within political crisis theory (cf. the reader by Jänicke, [1973]), most importantly by Jürgen Habermas [1973] and Claus Offe [1972], who thus served as a challenge to marxian and marxist theory.
This whole framework must be taken into account when one assesses the significance of the state derivation debate.

2 Approaches to the Reconstruction of the Critique of Political Economy

Beginning in the late 1960s, theoretical circles coalesced around the program of the “Reconstruction of the Critique of Political Economy.” Through systematic readings of Marx’s *Capital*, they attempted to create a theoretical basis for a critique of both the capitalist mode of production and the (democratic) capitalist state. Such theories had, of course, been formulated before. As a rule, however, they remained theoretical reconstructions, and could not claim any new conceptual foundations. Just as the student movement self-consciously, indeed arrogantly, invented new forms of political practice and contemptuously rejected “traditional politics,” it also sought a new, original, and provocative theoretical approach to contemporary political questions. In this project, the theory of the state was, so to speak, the first locus for of the resumption and application of Marx’s method of conceptual reconstruction of a social totality. The methodological blueprint for the realization of this was now also developed: in Rosdolsky’s opus magnum on the genesis of Marx’s *Capital*, in Szeleny’s delineation of the scientific logic of *Capital*, in Karel Kosik’s *Dialectic of the Concrete*, and so on.

After 1970, along with the project of conceptually reconstructing the reality of bourgeois society, the Marxist state debate set itself a dual task: to formulate theoretically grounded and politically meaningful alternatives to the extreme left’s concept of the state (“The [fascistic] state leaves no room for social progress!”), as well as to the social-democratic illusions about the welfare state (“The state under SPD tames the monster of the capitalist economy!”). Ultimately, the determining factor in both positions was an incorrect understanding of the relation between economy and politics in bourgeois society — an understanding based on the long tradition of the “revisionist separation” of these two areas in the Second and Third International.

The contribution by Wolfgang Müller and Christel Neusüss* which in 1970 opened up the state debate bore the programmatic title, “The Welfare State Illusion (*Sozialstaatsillusion*) and the Contradiction between Wage Labor and Capital.” The essay attempted to formulate a theoretically stringent critique of what was called revisionist understandings of the state. The two authors evaluated diverse, indeed contrary positions such as the social-democratic theory of state and capitalism in the Weimar Republic; the theory of state monopoly capitalism; and the political crisis theory of Habermas and Offe. They found all these theories trapped in welfare state illusions and thus revisionist. The state in bourgeois society, they argued, does not have the ability (*Handlungskompetenz*) to avoid crisis tendencies, or even to channel these into systemically safe areas by the use of successful intervention in the social process. The state, on the
contrary, is doubly limited: as an interventionist state, it is forced to respect the conditions of capital accumulation; as a welfare state (Sozialstaat), it will implement measures to redistribute income and wealth in the interests of the working class, even against the resistance of individual capital (measures "forced upon it" through class confrontations), but that will only create new general conditions for the production of surplus value, along with new accumulation possibilities. Thus, if the state attempts to limit the conditions of surplus value production (for instance through social policy), it immediately creates new ones. The state's latitude to act is therefore substantially less than the "revisionists" assume. Given this insight, conspiracy theories or investigations of the personal influence of capital and capitalists on politics (Politik), as exemplified by propagandistic versions of the state monopoly capitalism literature in the GDR, or by Miliband's (1969) The State in Capitalist Society, are theoretically untenable and politically problematic.

Müller and Neusüss refer to Marx's discussion of the process of capitalist reproduction in part three of Capital II for evidence of the limits to redistribution and to his account of the introduction of the ten-hour day in the eighth chapter of Capital I for proof of what Bernhard Blanke would later (1978) describe as the "functional ambivalence of reformism." The shorter workday merely limits the production of absolute surplus value by limiting extensive prolongation of labor time. Simultaneously, however, political and economic pressure to produce the technological and labor-organizational foundations for production of relative surplus value increases. The welfare state remains subject, therefore, to the conditions of surplus value production even when it attempts to bring about its modification. The result, then, is only a thrust toward modernization, which ultimately benefits capital in the competition between nation states, and which guarantees by means of institutional mechanisms the "passive integration" of the working class. "Transformism," as Gramsci called it, would be impossible without the institutional system of the welfare state.

In this approach, as in other contributions to the derivation debate, the crux remains the structural limits of state activity (beyond the level of personal influence). These are determined by the laws of capital reproduction. Each of the different approaches within the debate examines Marx's depiction of the form and content of capitalist reproduction in order theoretically to reconstruct the form of the bourgeois state in precisely specifiable derivational steps. The form and function of the state is hence drawn from the "development of the general concept of capital." With explicit reference to the "system of the critique of political economy," the state derivation debate accorded a central role to the question of the form of the state. This approach was in no way new, but it had been buried by state theorizations within legal theory (Staatsrechtslehre), within the
critical theory of the Frankfurt School and within the marxist state definitions coming out of Lenin's *State and Revolution*.

Legal scholars essentially understand the state in terms of its boundaries (*Abgrenzung*), that is, its "sovereignty" from or with respect to society. In the configuration of the bourgeois constitutional state, which Althusser called a "legal illusion," the state limits itself and thus opens up to the private sector a space free of the state in which it is possible contractually to pursue economic affairs. However, friction arises when the "modern", "socio-industrial" state (Forsthoff, 1971) develops into a social constitutional state, which no longer merely defines the rules of the game with general laws and assumes the role of arbiter in disputes, but also intervenes purposively in society. The *welfare state* and the *constitutional state* were stylized into antitheses which, in the 1950s, formed the dividing line between progressive, socially oriented (Abendroth) and conservative positions (e.g. Forsthoff and Werner Weber). Entirely new foundations arose for the legitimation of the state. The "state in modern industrial society," wrote Forsthoff (1971, p. 56) does not require "spiritual self-representation" (*geistigen Selbstdarstellung*) and "consequently, obedience to it cannot be understood as an act of ethical fulfillment of duty," as would follow from Hegel's idea of the ethical state.

In this view, a rational orientation towards industrial society's mode of functioning defines the "mentality in state and society" (Forsthoff, 1971, p. 57). This again is based on the stability of industrial society. "But all risks of industrial society are immediate and at the same time state risks. Thus, the state's susceptibility to crisis has taken on new dimensions" (ibid.). Moreover, the state's strategy of averting crises, along with the development of a related capacity to intervene, is in the state's *self-interest* as an institution. Here, Forsthoff uses an argument which is also found — in a different context, of course — in the work of Marcuse and other representatives of the Frankfurt School, as well as in Habermas's essay "Technology and Science as Ideology" (1968).

Followers of the Frankfurt School now reformulate this way of thinking. In "late capitalism," the state is itself immersed in the relations of production and dissolves extensively with its political steering mechanisms (*Medien der politischen Steuerung*) the exchange system of the market. Thus, new problems arise for the legitimation of bourgeois rule, especially in the exercise of state power, as well as in the relationship between the public and private.

This line of thought led Horkheimer to postulate the inevitability of the authoritarian state, thus articulating fears of the 1930s which had already been theoretically founded during the Weimar Republic by Hermann Heller and Otto Kirchheimer, among others. For Offe and Habermas, however, the late capitalist politicization of all spheres of life shifts the problem of legitimation onto the political-administrative system, which
must use its management resources to stabilize the economy by avoiding crises, guarantee military security, implement foreign policy and organize mass loyalty. Forsthoefl speaks in this context of the “performance state” (Leistungsstaat) in the certainty that all state duties will be executed. For Offe and Habermas, on the other hand, systemic contradictions can only precipitate crises in the form political crises. Proceeding from the thesis that the modern interventionist state can fundamentally regulate economic crises, and that, given the “imperative to avert crises” (Offe), the state actually is able to do this, they conclude that the suppressed possibility of economic crisis would translate into a political crisis — essentially a legitimation crisis. However, the “self-interest of the state” (Offe, 1975) leads the political system to bring about social reforms precisely to the extent that these strengthen the conditions upon which its existence is based. According to Habermas, the decisive task is to deal with “minor” crises in the economic system through the mobilization of “self-adaptive mechanisms,” in order to prevent “major” crises which would threaten the existence of society.

As Esser (1975) remarks, the theory of the state thus becomes a theory of political crisis. The presupposition is always that capitalist society has undergone a transformation process — projected in stage-theory manner (and not sufficiently grounded by Offe or Habermas): from competitive capitalism, in which legitimacy can be generated through the market's exchange network, to “late capitalism” or the monopoly stage of capitalism, which entails extreme politicization of all areas of the system- and lifeworld as a result of the “state-permeated” (durchstaatlichten, Karl Renner, 1917) dissolution of the conduits of exchange. Legitimacy is no longer a source of stability generated as a quasi by-product of market processes. Increasingly, it must be produced and reproduced politically by state action.

In the German discussion, these theses were addressed on two levels: First, what has been called the “new quality” of monopolies was criticized as theoretically insufficient, since Marx did not clearly distinguish the concept of monopoly from the concept of “capital in general.” (The state derivation debate in Germany opened up problems similar to those dealt with by the Japanese Uno school, although neither side was aware of the work of the other [c.f. Sekine, 1978; actuel Marx no. 2, 1987]). The changes in social form which have doubtless occurred were mostly phenotypically related to changes in attributes, but there was no theoretically satisfying analysis of their immanent dialectic.

Second, because of this, the need for a different concept of the state could no more be explained by the transition to late, or monopoly capitalism than could the politicization of the legitimation problem. This politicization undeniably exists; however, it must be grounded in something other than that proposed by critical theory and political crisis theory.
Participants in the state derivation debate therefore tried to connect the politicization to the general structural principles of capitalist reproduction. Essentially, it was a matter of defining the relation between the form of the state in bourgeois society and the content, which expresses itself in the specific form of state.

However, a discussion of social development is now in order. Only a dogmatic few would go to the extreme of reducing the theory of the state to its formal aspect. The monopoly concept does not adequately characterize phases of social development. Social development can produce changes in form, in other words transformations. However, these affect the total system of social regulation and not only the external relation of economy and state; social development affects the labor and valorization processes as well as the total market. It would therefore be just as unacceptable to ignore social structures and development as it would be to assume that the form taken by the state is historically invariant.

3 Approaches to the Theory of the State in the "Derivation Debate."

Rather than giving a chronological account of the contributions to the debate, it seems preferable to break them down systematically. The question of the general form of the bourgeois state refers to the material-value contradiction in the societализation process, or the form-content mediation, the dynamic of which produces the specific separation of an instance which must constitute itself beyond the exchange network (Sauer, 1978). This raises Pashukanis's "classical question" of 1929 (reprinted 1966, p. 119f.): "Why does class domination not remain that which it is, i.e. the effective subjugation of one part of the population by the other? Why does it assume the form of official state domination, or — in other words — why is the apparatus of state force not created as the private apparatus of the ruling class, why does it split off from the latter, and assume the form of an impersonal apparatus of public power, detached from society?" This question concerns what Marx in The German Ideology called the doubling of society into society and state, the reasons for that double structure (the double character of the commodity, and labor) which marks bourgeois society and renders economy and politics autonomous from one another, but autonomous as moments of a contradictory unity, not as subsystems of a total social system with external relations.

The Form of Exchange and Legal Form

In the second chapter of Capital I, Marx asked: How can it be ensured that the commodities to be exchanged can be brought to the market at all, and how can the "owner of the commodity," make the greatest possible profit, thus taking advantage of the other, while at the same time the principle of equivalent exchange is formally guaranteed (das Prinzip des Äquivalententausches)? The answer: There is a legal relation, formed between the subjects of exchange, which corresponds to the economic principle
of equivalence. It can be nothing but a legal relation, since the only thing that brings together the subjects of exchange is the interest in exchanging their own commodities for other commodities which have use value for them. Relations of exchange duplicate themselves in contractual relations; legal relations arise from economic relations, and the former must be "set" and above all, monitored. There must be sanctions against violating legal relations. This authority (Gewalt), again, cannot lie with those who carry out the exchange, since their interest is onesided. It must be delegated, so to speak, to a neutral authority, or usurped by authority, insofar as one already exists.

The assumption that the sanctioning authority can be delegated is fundamental to the early bourgeois contract theorists, and is most clearly discussed by Jean-Jacques Rousseau. The thesis of usurpation is explicit or implicit in those approaches which understand the emergence of the bourgeois political system as a result of the transformation of the feudal state in Europe. (Gerstenberger, 1973, stresses this point, but see also Perry Anderson, 1975.) In this interpretation, therefore, the state to be "derived" has already long existed. However, its form changes with the process of social transformation. Is the state then to be regarded merely as an institution which sets the rules of the game and monitors adherence to them, as in current neoliberal theories?

Property and Appropriation:

Blanke, Jürgens and Kastendiek (1975), in perhaps their most systematic contribution to the derivation debate, make clear that among all the laws the state makes and guarantees one is most prominent: that of property rights. As MacPherson (1973) has shown, the early bourgeois theorists, Hobbes and above all Locke, understood this law in essentially formal terms. Marx was the first to clarify the connection between property and appropriation (cf. as early evidence, the letter to Annenkow of 12/28/1846 in MEGA II/2, p. 74). In doing so, he made an extraordinarily important suggestion for the analysis of the state: the institution which provides legal guarantees ensures property. But what follows for this institution, when on the basis of the capitalist law of appropriation, classes of property owners arise, namely those who have at their disposal property as means of production and those who can call nothing their property but their own labor power? And, secondly, what follows when appropriation cannot be politically guaranteed from property, since the process of appropriation is economically and therefore cyclically mediated and subject to structural long-term changes — according to what Marx called the "fundamental law of the capitalist mode of production," "the law of the falling rate of profit?"

Crucial to answering this is the fact that property rights are always rights of exclusion; that is, property rights require the power to exclude all those who are not entitled to particular private property. Thus, by necessity, not only do classes of property owners and nonowners arise
from property, but so do power structures and power relations (Gewaltverhältnisse), and these become political power relations when they are neutralised or separated from specific property. Here again Pashukanis’s “classical” question is relevant: why, instead of remaining simple, brutal and open class power, do these power relations become — to use Weber’s terms — legitimate relations, building on the consensus of all, property owner and nonowner alike?

Surface and “Revenue Sources:”

Without going into more detail about the complicated problem of legitimation, Sybille von Flutow and Freerk Huisken (1973) attempted to answer this question in the context of the derivation debate. Their argument was entirely based on the mystification complex described by Marx in Capital: On the “surface” of the capital-relation, the class structures which result from property and appropriation, from the opposition of wage labor and capital, are blurred, mystified by the forms of socialization (exchange of commodities, monetary mediation, wage form, etc.), reified as fetishes, so that now all unequals appear as equals. Moreover, as citizens of the state, they are even deemed materially equal. Up to this point, Flutow and Huisken merely paraphrase Marx’s reflections on the relation between circulation and production (e.g. in Capital I, chapter 4) or on the relation between “bourgeois” and “citoyen” (e.g. in the “The Jewish Question” from 1844).

However, Flutow and Huisken go further in that they account for the equality of social individuals as citizens through their qualitative equality as owners of revenue sources (referring here to Marx’s statements about the “trinitarian formula” in Capital, III, part 6). The interest of all “owners of revenue sources” is that their source is as productive as possible, and that it continues to be so. This unity of interests crosses class boundaries and is independent of the quantitative extent of the revenue source (wealth) and of the revenue (income), as well as its function in the capitalist reproduction process (in the functional distribution of wage, profit, interest). It is this unity which makes it possible to constitute members of opposed classes as citizens, and as nations (Volk).

In contrast to discursive or populist theories of the state, to be addressed below, this approach presupposes a systematic connection between the mode of production (structured by the class oppositions of capital and labor) and social formations (as the terrain for civic action). This connection between “deep structure” and “surface” is made through Marx’s category of mystification, by which is grasped the specific inversion, fetishes. These constitute not only “false consciousness” in Lukács’s sense, but also preshape everyday experience and circumscribe the frame of action in which individuals can operate in bourgeois society. They are “false reality,” i.e. the context of alienation. Thus, the qualitative equality of citizens as owners of revenue sources is not merely a “false represen-
tation” that could perhaps be corrected by enlightenment, but a reality and experience of the life process which is primarily responsible for the stability of bourgeois society. Consequently, the existence of capitalists and proletarians as citizens with equal rights is no mere illusion. It is materially grounded.

Hence, the possibility of the bourgeois state (and not just its necessity) is a product of this surface equality of interests. The state cannot, accordingly, be “derived” from the contradictions of interests of the core or “essence” of society. This Flatow/Huisken position, however logical, has been criticized in many respects. Gerstenberger (1973) and Reichelt (1974) have rightly pointed out that historical developments have no place in the scheme. “Surface and state” (Arbeitskonferenze 1974) become the vertices of a marxist theory of state; the structuration of both by the fundamental relations of production and their contradictory development is explicitly excluded from the analysis. Furthermore, the revenues of revenue source owners are unequally affected by the movement of capital, and this in turn generates social conflicts which are necessarily omitted from Flatow’s and Huisken’s insulated consideration of “surface and state.” Finally, as other critics have pointed out, their approach is based on a theory of social harmony and so could also provide the foundation for a theory of pluralism.

**Class Relations and Capital Reproduction:**

Yet we come back to the question posed above: what are the consequences of the capitalist form of appropriation (emanating from property rights) for political relations and their institutionalized forms? A first important point is that appropriation by the owner of the means of production determines the exploitation of those who do not own the means of production (who, however, own the commodity of labor power). The form of exploitation as surplus value production gives rise to opposing interests, for instance with regard to the length of the work day, an example taken up by Müller and Neusüß in the aforementioned article and thus already discussed. Here it is enough to note that in this approach, the state is not considered the agent of collective interests, as in Flatow and Huisken’s work, but rather as an institution which regulates conflicts. Bernhard Blanke (1978) extends this idea — without explicit reference to Müller and Neusüß — to argue that the state is no longer to be seen as a black box functioning according to social requirements of regulation. With, rather, the experience of social democracy and welfare state in mind, the “entry of the masses into the state” is considered.

Here, there is a link to the French discussion: the state with its multiplicity of institutions is understood as “a field of class conflicts,” (Poulantzas 1978). For if “the” state, forced by social struggles, intervenes on behalf of those who depend on wages (for example, by limiting
the work day or, as the welfare state does, by compensating for the negative consequences of the population's subjugation under the factory system), then it is only logical for working-class organizations to "supervise" how the adopted reforms are complied with. Since the welfare state, as it develops, assumes institutional forms (parastate institutions such as social insurance, labor exchange, public infrastructure arrangements, etc.), it is obvious that working-class organizations "enter into" these arrangements and themselves undertake the implementation of reforms within the systemic possibilities. In this way, class conflict is "institutionalized," by, among other things, the accomplishments of the welfare state and the corresponding rights of participation of class and mass organizations. The form of the state is transformed through the contents of social conflicts and their dynamic. Moreover, on the very basis of these processes, the social conditions which frame appropriation, and hence exploitation, change. Marx analyzed the shortening of the work day as the historical occasion for the general transition from absolute to relative surplus value production; that is, the political reaction to the economic mechanism of appropriation provokes a restructuring of economy and politics and their relation to each other. The result is the "functional ambivalence of reformism" emphasized by Blanke (1978). This view (by contrast to Flatow's and Huiskens') takes into account the social structure of conflict and is open to analysis of historical tendencies.

The State and "General Conditions of Production"

Given the general functional requirement of capital valorization, the formation of the state as a separate agency may also be explained by the "general conditions of production," which cannot be generated by individual capital but necessitates an "ideal collective capitalist" (ideellen Gesamtkapitalisten")," to use Engels's phrase from Anti-Dühring. Projekt Klassenanalyse (1973) advocated this approach in the typically polemic style of the time. The result was not particularly exciting: because the conditions of production (e.g. in the infrastructure or the overall legal framework) are general, they cannot be perceived by individuals, by individual capital, but only by an institution "separated" for general tasks, namely, the state. Here, the state is no longer derived by formal analysis, but tautologically defined in a kind of quid pro quo manner.

More ambitious, however, was Dieter Läpple's version, (1973), which likewise used the "general conditions of production" to account for the necessity of the state as a separate institution alongside and outside of society. Referring to the few remarks on these conditions in Grundrisse (1953, p. 430, and also in Capital II), he manages to develop categorically the specific "general conditions of production in capitalism" as distinct from the "asiatic mode of production" and simultaneously, if sketchily, to relate historical-empirical investigations to the derivation. While Flatow
and Huisken tried to account for the possibility of the state, here the central issue is the necessity of the state, which is due to deficiencies in the societalization capacities of the capitalist mode of production. The state is functionally necessary in order to maintain the capitalist process of reproduction, that is, the system of capital valorization. The system becomes differentiated in response to functional gaps which arise during the development process. Here, however, formal analysis must leave off in favor of functional analysis.

**Accumulation and the Falling Rate of Profit:**

At this point in the derivation debate, the next step is to deal explicitly with the historical tendency of capital valorization, as it is expressed in what Marx called the “most important law of the capitalist mode of production,” that is, *the fall of the average rate of profit*. This law is extraordinarily important for the relation between economy and politics, since the rights to property and appropriation can be politically guaranteed and still lose economic meaning, if capital valorization no longer succeeds as a result of the fall of the rate of profit. Politics no longer primarily circumscribes the foundations of the economic order, but rather intervenes in economic processes. The transition from “the politics of order” to “the politics of process” — the liberal Fall of Man — is inscribed in the contradictoriness of the accumulation mechanism. Here is manifested the contradiction inherent in private property as capital between the state’s formal guarantee of its existence and the economic tendencies of profit to erode during the accumulation process. Two things follow: *on the one hand*, in the course of accumulation, limits are set on state guarantees and political efforts at regulation; and *on the other hand*, the political system must develop adaptive mechanisms so that it is capable of intervening politically on a repeated basis to help capital valorization along. For reasons embedded in the dynamic of capital accumulation, the state becomes the active economic factor in the process of reproduction.

Altvater (1972) proposed a state derivation based on “accumulation theory.” He accounted for the necessity of the state in terms of the deficiencies of the structure of capital reproduction, as expressed in the tendency of the profit rate to fall: the state must take over or organize all those processes of production (in the form of state enterprise or public services) which are indispensable because of the material context of reproduction (in other words, the use-value aspect of the process of production), but which cannot be produced under conditions of individual calculation of capital valorization, since they either are unprofitable or would become unprofitable with the falling rate of profit.

Here, in contrast to the tautological argument of Projekt Klassenanalyse, the concept of “general conditions of production” acquires historical substance: it concerns aspects of the social process of reproduction which are materially necessary but unprofitable to produce
privately. Insofar as the state now manages the unprofitable sectors of the social reproduction process itself, it contributes to retarding the fall of the rate of profit of private capital or even to compensating for it in crises by a policy of “socialization of losses.”

The “accumulation theory approach” was further developed by Altvater, Hoffmann, Schöller and Semmler (1974, 1979) in the context of a historical analysis of the tendencies of capital accumulation in West Germany. The basic assumption was most clearly expressed in Blanke’s (1977) and Hoffmann’s (1977) concept of the “adjustment of politics to the economy.” Politics may be relatively autonomous with regard to the economy and its contradictory tendencies of development. However, ultimately the contradictions and crises of the economic system are transposed into the political sphere and provoke adaptive processes, “adjustments” (Anpassungsbewegungen), that is, institutional transformations.

In political crisis theory, it is assumed that the shifting of economic crisis tendencies into the political system indicates that the state’s interventionist strategy for avoiding crises has succeeded, and that in any case, with the “end” of economic crisis in the Keynesian state, the crisis would occur as a potentially overwhelming crisis of legitimation. In the “accumulation theory approach,” however, the Keynesian way of avoiding crises is viewed much more skeptically (for evidence from prosperous times, see Altvater [1970], Hoffmann and Semmler [1972]). As Blanke, Jürgens and Kastendiek (1974) explain, the state’s potential to act does not only seem restricted by the systemic limit (the guarantee of property and capitalist appropriation); they are determined beforehand by the “activity limit” of the state in any given society, which is marked by class and power structures historically specific to it. These cannot be defined independently of the development of the economy.

Naturally, it must be taken into account that a “merely economic” crisis, in Habermas’s sense, is a “minor” crisis, which does not raise any insoluble problems for the hegemonic system. Only as a political crisis (Berger [1981] talks here about “interferences” between economy and politics) does it endanger the existence of the system, because the foundations of the consensus, and thereby the loyalty of citizens can be destroyed. But this self-evident statement reveals nothing about the economic contradictions that can crystallize into structural crises with the falling rate of profit. Therefore, authors oriented towards “accumulation theory” put forth analyses of the development of the profit rate, which they interpreted as a “synthetic indicator” of economic and social contradictions. These investigations were to provide greater historical precision in evaluating the structure and dynamic of social crises and their consequences for the necessary adjustments of the political system.
Form and Functions of the State:

In this approach, certain tasks or functions are assigned to the state (or more generally, the political system) within the social valorization context (Verwertungszusammenhang). Thus, a step — possibly premature — towards functional analysis is taken before the analysis of form is entirely completed. A series of authors have criticised Altvater’s work for this (Flatow and Huisken; Gerstenberger; Holloway and Picciotto; Blanke, Jürgens and Kastendiek).

Four basic functions of the state are distinguished: first, foundation of general conditions of production (i.e. infrastructure); second, establishment of general legal norms both for members of society and for the interventions of the state itself; third, regulation of the conflict between wage labor and capital not only by law but also through the institution of the “repressive state apparatus;” fourth, finally, guarantee of the movement of the total national capital outwards into world market competition, including foreign and military policy (Altvater, 1972, p. 9ff).

Against the critics of functional analysis, it may be observed from the present perspective that form and function naturally have an inner connection: if, with Wolfgang Müller (1977, p. 27), the form can be understood as the “result and disguise of a previous process generated by an initial contradiction,” then the functions are more precise determinations of the form. This can be argued in analogy with Marx’s analysis of money, where the derivation of the form of money from the commodity (Capital I, ch 1) leads to the more precise determination of this form through its acquired functions (ch 3). State functions can be distinguished through specific institutions which form historically as the state apparatus. They intervene in ways which correspond to their functions in the system of reproduction (Reproduktionszusammenhang) with specific interventional media (Eingriffsmedien), especially the media of law and money (see Blanke, Jürgens, Kastendiek 1974). The form is defined only when the functions, institutions and media of the state specific to society are clearly established. Only then is it clear why a specific content takes on the given form, and why, conversely, the bourgeois form of the state — structure and movement of bourgeois society — is adequate to the content. This is the only way to account for the “structure of doubling” of bourgeois society into society and state which has been addressed so many times, and which is implicitly or explicitly at the root of all state derivation approaches.

The State as Field of Class Relations

Joachim Hirsch raised, in several contributions (1973, 1976, 1977), initially within the standard derivation framework (economy and exchange, law and politics, the state as guarantor [Garantieeinsatz]), the issues of the historical tendency of the falling rate of profit and capitalism’s consequent susceptibil-
ity to crisis. In contrast to Altvater, Hirsch (and a research group from Frankfurt [von Auw, von Braunmühl, von Cappelleveen, Engelhardt, Füchtner, Gloede, Hirsch, Köhler, Küchler, Mayer, Wilker, Wolf, 1976]) interpreted the falling rate of profit as the result of class struggles. With this assessment, he distanced himself from the economistic interpretations often found in the marxist tradition.

What consequences does the falling rate of profit have for the relation between economy and politics and specifically for the state? Through the capital-relation (Kapitalverhältnis), Hirsch assigns three basic functions to the state, namely: first, guaranteeing the capital-relation and the general conditions of production; second, the administrative redistribution of revenue and the control of circulation; and third, the development of the forces of production (Hirsch, 1973, p. 235), a topic he had considered previously (1970). The historical tendency for state functions to increase results from disturbances in the execution of political-administrative functions, disturbances inevitably linked to crises around the falling rate of profit. Thus, the political-administrative system differentiates according to the requirements of economic functions.

Up to this point, aside from his argument about the tendency for the rate of profit to fall, both systems theorists and proponents of state monopoly capitalism theory could agree with Hirsch. However, he enriches his approach in a way which will become significant for his later analyses: since the falling rate of profit is a result of class struggles, the state can only counteract this tendency by reorganizing the social conditions of reproduction, and by doing so on a particularly fundamental level during structural crises of society (Hirsch, 1973, p. 224ff.). Initially, Hirsch only defines the reorganization process in general terms, referring to tendencies for monopolization, capital’s expansion of the world market and the acceleration of scientific-technical progress. Later, this point is discussed in more detail with the formulation that the theory of the state can only be developed as a theory of the “shifting of class struggles” (von Auw et al., 1976, p. 128). Referring explicitly to Gramsci, Althusser and, above all, Poulantzas, Hirsch also defines the state as the “field of class relations” (Hirsch, 1976, p. 107). Given the “special nature of class relations,” (Hirsch, 1976, p. 115) Hirsch, with Althusser, distinguishes repressive and ideological state apparatuses, but then adds the category of “mass-integrational” apparatuses (massenintegrativen“ Apparate). Whereas in Gramsci,” the sociétá politica — parrellelling the repressive apparatus of state — and the sociétá civile — corresponding to the ideological apparatuses — are understood as relations which are irredicible to “apparatuses” since they also include immaterial institutions, in Althusser and then in Hirsch, the concept of “apparatuses” designates the “institutional structure of the apparatus of bourgeois domination” (Hirsch, 1976, p. 115).
Summary

In spite of isolated references, the “derivation approach” is linked neither to the Gramscian tradition which has become important in Italy (and in the Romance countries generally), nor — aside from a few exceptions — are there references to the works of Althusser and Poulantzas, who are widely read in Anglo-Saxon circles. Paradoxically — while the work never became more than nominally known in other countries and theoretical traditions — the very narrowness of the West German state derivation debate has been viewed as productive. Holloway and Picciotto (1978) refer to this in their introduction to the English version of the seminal text (Müller and Neusüss) of the debate (an article frequently abbreviated to the point of distortion). Given certain “inadequacies” in the theory of the state in Great Britain, they wish to “underline the advances which [they] feel the German discussion has made in the analysis of the state” (p. 14). For them, the essential contribution of the derivation debate was to thematize the problem of the form of the state, before either empirically investigating power structures (Miliband) or engaging in ultimately fruitless debates about the primacy of economics or politics. For “the distinction between the two tendencies (politicalism versus economism [E.A./J.H.])... depends not on the starting point of the analysis but on the conception of the social totality which underlies the analysis.” (Holloway and Picciotto, 1978, p. 10).

Beyond all the divergences and polemics, there was never any disagreement in the derivation debate that the issue was not the primacy of politics or economy, or of state or society, but rather how to grasp their separation in bourgeois society in terms of Marx’s idea of capital. To this extent, Laclau’s (1981, p. 37) statement that the problem of the state in the “capital logic school” is located within an “economic frame of reference” which takes “capital” as the starting point of the derivation, would only be correct if it could be shown that capital is understood in an economistically abridged way. This, naturally, would be hard to do. Within the derivation debate, there was certainly a consensus that capital was understood as a social relation and not as an “automatic economic subject.” But the specifics of this theoretical construct were a sensitive point, a subject for different approaches and strident controversies.

Beyond the State Derivation Debate

Hirsch has consistently pursued the problems he formulated in his approach but many other participants in the discussion distanced themselves from it long ago and do not wish to be reminded of past contributions. Comments about the reorganizing or restructuring of the relation between economy and politics in crises, as a result of the falling rate of profit, struck the opening notes for later investigations of the system of capitalist regulation from the perspective of the theory of stages. The “Modell Deutschland” analyses (cf. Hirsch and Roth, 1980) have taken up the concept of “Fordism,” used by
Aglietta (1979) in connection with Gramsci, to understand the West German state’s capacity to reorganize. Hirsch could build on his approach in another respect as well: in describing unions, associations and parties as “mass-integrational apparatuses,” as components of the system for securing bourgeois hegemony (“security state,” Hirsch 1981), he articulated a social process which was to become widely known as “corporatism” in critical social science towards end of the 1970s, though without explicit reference to the rest of his conceptual system. This is not surprising, since the concept of corporatism is descriptive and cannot be used analytically, even in refined approaches, while Hirsch’s conceptual system, though only capable of describing social power structures systematically, remains entirely within the tradition of the state derivation debate which sought to move beyond historical-empirical investigation to a categorical definition of form. As Heide Gerstenberger comments, summarizing the state derivation debate: “It will not be possible to progress from historical description to historical analysis without fundamentally reflecting on the theoretical categories to be applied” (Gerstenberger, 1977, p. 21).

However, Hirsch’s transition from the conceptual reconstruction of the state in bourgeois society to the analysis of tendencies of social and political structures which determine the profit rate could be the bridge that connects conceptual analysis and historical investigation. It remains to be seen whether this bridge does not lead back to the point where the discussion of the state had begun, namely to an analysis which conceives of an authoritarian state along the lines of a theory of apparatuses or elites, without any of the complexity and contradiction so painstakingly outlined (cf. Hirsch, 1983).

Blanke, Jürgens and Kastendiek (1975) and Hoffmann (1977) indicate another possibility. They attempt to concretize categories in order to analyse the structure and functions of the political system in developed capitalism. Without having to fall back on the theory of the apparatus, they see the conflicts and contradictions in the process of accumulation in developed capitalism as mediated by the political system.

In retrospect, the West German discussion of the form and function of the state, of the relation between politics and economy in bourgeois society — the state derivation discussion — has not only been circumscribed, but rejected. Critics have interpreted the concept of “derivation” as though the participants in this discussion were only concerned with deriving the complex reality of modern bourgeois society from the concept of capital. Many contributions to the derivation debate do support this implicit accusation of idealism, of seeking to reconstruct the material world from the concept. However, this criticism misses the purpose of the analysis of the form and function of the bourgeois state. The debate was an attempt to reconstruct conceptually the chaotic ensemble of social relations, including the complex connections between politics and econ-
omy that surface in bourgeois society as an organic, systematic social structure. This would be achieved by tracing these relations back to the simplest form of socialization and by "rising from the abstract to the concrete" — as Marx programatically formulated it in the "Grundrisse" (1857). To this extent, the debate is also empirical.

There is still, of course, no theory of action. The limits of social-democratic reform policy set forth in the discussion of the state became historical reality during the crisis-ridden developments after 1973 (stagflation). Reform politics thus faced increasingly stark alternatives: either to push back politically the system-limit of politics (private property) or to "adjust" to ever greater limits (cf. Hoffmann, 1977). With the failure of reform, the state discussion lost its privileged political "object" and came to a dead end. Concepts meant to overcome the limits of the system had no chance of political realization when advocated by a minority opposition. And the political failure for which they were destined was all the more painful, because it was not merely theoretical. When the economic boom ended in the crisis of the early 1970s, the air also went out of reform politics, and the social-democratic plans remained largely empty, economically and politically unrealizable programs. Instead, there began a period of political repression (prohibition against practicing one's profession [Berufsverbote], the "West German Autumn") and limitations on economic and welfare state policies (the politics of austerity). In the 1970s, the Federal Republic was identified as an "authoritarian democracy" (cf. Altvater, Hoffmann, Semmler, 1978), as a "security state" (Hirsch, 1981) in two senses: it granted a considerable degree of social security and at the same time, extended police security. In the 1980s, the Federal Republic took a political "turn" from a social-liberal coalition to conservative-liberal hegemony, a turn in many respects anticipated in the social-democratic 1970s. But this development was also the beginning of the formation of new social movements. With the growing economic and political division in society and the worsening ecological crisis, they emerged as an alternative to traditional political forms.

Here, not only a political, but also a theoretical deficit in the derivation debate became apparent. Given the debate's level of abstraction, conceiving a politics capable of overcoming the system would have required an analysis of the social movements. However, references to this were very abstract. Furthermore, it was precisely these "new social movements" (e.g. the peace, ecology and women's movements) which radically placed in question the dominant social forms. Working-class organizations could not formulate this critique because, having been coopted (eingebannt) and remaining within the capitalist model of accumulation, they were compelled to observe the existing lines of compromise. The recognition of this was an essential result of the state derivation debate. However, the paradigm of "capital logic" did not allow for the fact that beyond class lines,
new radical movements would arise, nor that these would in part be radically critical of society and pose new questions for the discussion of the state (for example, the problem of majority decisions about the uses of life-threatening technologies and the right to resist).

The questions raised by this alternative movement frequently have a great affinity with the “old” problematics of the state discussion. The newly posed question of the role of the welfare state (cf. Neusüss, 1981), the discussions of an alternative economic policy beyond social-democratic statism, the question of the chances of restructuring production to democratize the economy and achieve a system which meets needs, and the resistance to the potentially total control of citizenry by the state with the help of new communications and information technologies etc. — all these questions asked by the rapidly developing alternative movements return to old problems. At the same time, however, new answers have been formulated, answers clearly different from the classical slogans of the “left,” which have often turned into empty formulas (for instance, the demand for nationalization).

For marxist theory, the existence of the alternative movement is an unmistakable practical critique of the strategic shortcomings of the marxist discussion: the lack of a conception of social change beyond the “classical” (statist and class-reductionist) answers. These shortcomings became manifest at the end of the 1970s as the “crisis of marxism” which was hardly restricted to the Federal Republic. (Althusser’s “proclamation” of it in Venice, 1976, comes to mind.) In any case, it is clear that formal determination is not enough for strategic planning.

It was not simply the boredom induced by verbose polemics that ended the state derivation debate sometime in the mid-1970s. The real reason concerned the unambiguous limits of the analysis of the form of the bourgeois state. But was it therefore wrong to venture into formal analysis, to seek a map of its coordinates? The answer is clear: certainly not, for even if many aspects of the relation of state and society are obscured by the analysis of form, recourse to it is necessary in order to answer a question which is always contemporary: what are the systemic limits of state intervention in society? Answers to this will have to be formulated in the future, and in that process, many of the reflections from the state derivation debate may still be useful.

— Translation by Capers Rubin and Eileen Schreiber, modified by Anders Stephanson.

* As we worked on this essay, Christel Neusüss died after a long illness on April 2, 1988. With her, the West German left has lost one of its most distinguished and original theorists. In recent years, she concentrated on feminist theory and through that she formulated in particular a critique of technological understanding.
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