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1 THE STATE, CAPITAL AND LIBERAL DEMOCRACY

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It is remarkable to what extent the recent spread of interest in the state has led to the elaboration of social theory solely within the Marxist tradition. There have been *writings* on the subject from a range of other positions, some of which are discussed below, but little attempt at systematic theory. It is particularly strange that so little has emerged from the American pluralist tradition of political science, which has for so long dominated the subject and prided itself on the superiority over Marxism of its ability to conceptualise the political. True, much of its empirical work has been in the area of 'community power' rather than of the nation state (Dahl, 1961; Polsby, 1963), but then the Marxist literature has also contributed at the former level through the studies of urban political economy of the French school (see the paper by Harloe in this volume). The reason may be that only Marxism has a theoretical apparatus capable of tackling the relationship between the political and the economic, which is particularly important in any study of the state in contemporary Western society.

The Marxist tradition therefore provides the best starting point for work in this field. There remain however several highly unsatisfactory aspects in most of this literature as it has so far developed. In particular, and rather surprisingly, there is no acceptable answer to the fundamental question: why must the state in a capitalist society serve the interests of capitalism? Further, the reluctance of most Marxist theory to admit any element of genuine pluralism within the polities of the liberal democracies leads to a convoluted process of redefinition and circumlocution. Much of the present paper will be taken up with an elaboration of these and other criticisms and an attempt to reformulate parts of state theory to meet them.

But it is in the interests of neither Marxist sociology nor the subject as a whole for Marxist literature to be regarded as isolated and self-contained; it is part of a more general corpus. Where current writing on the state is concerned this involves two main strands: the thesis of 'overloaded government' and (a field that includes several Marxist writers) theories of the corporate state. These will first be discussed in order to trace ideas overlapping with the Marxist literature and points

to which the latter might pay more attention.

Overloaded Government

While pluralist theory as such has been recently dormant, there is a discernible response among writers associated with the pluralist school to travails of Western political systems which had until recent years been regarded as mature and well balanced. This is the thesis that liberal democratic governments have become 'overloaded' by excessive demands from their citizenry.[1] It is political science's corollary to the monetarist doctrine among economists. The latter holds, *inter alia,* that inflation would be ended if only governments would stop printing money, and the solution to the problem is seen as resting in the hands of governments alone. The overloaded government thesis represents an advance on the naivety of the political analysis of monetarism, without necessarily dissenting from the overall argument. Government policies leading to inflation, excessive taxation, inadequate industrial investment and other disorders are seen not as simple matters of inadequate political will, but as the result of forces within the society imposing too many demands on the popularly responsive apparatus of the liberal democratic state.

The causes of these increased demands are various, though prominent among them is the idea of increased expectations: generations accustomed to two decades of affluence expect constant improvements both in their private consumption and in public services. Very similar are agruments which point to the decline of deference (people no longer know their place and, encouraged perhaps by television advertisements, demand the same standard of life as the society's elites). At the same time, the experience of near-full employment has relaxed several of the constraints which previously limited the pursuit of material progress. A more cynical version of the argument refers to governments offering 'bribes' in the form of increasing public expenditures, unmatched by higher taxes, to win the allegiance of sections of the electorate, particularly near election time – giving rise to the theory of the political trade cycle (Buchanan and Wagner, 1977; Nordhaus, 1975; MacRae, 1977; Wagner, 1977).

How these arguments flow from the assumptions of pluralist theory is not always obvious, but it emerges clearly from the contribution by Huntingdon (1974), in which he speaks of a wide range of social groups becoming organised and active so that the relationship between governments and interest groups becomes taut and strained. This follows from the important postulate of pluralist theory that for pluralism to 'work'

there has to be a large amount of political apathy, an 'excessive' degree of participation both placing too many demands on political authorities and leaving no 'slack' for organisation by new interests (Dahl, 1961; Kornhauser, 1960).

Taken together these arguments suggest strongly that the pluralist political formula was always heavily dependent on economic conditions of growth and rising mass prosperity. By the 1950s the countries of the advanced capitalist world had produced a combination of individual liberties and universal political citizenship probably unparalleled in the history of large-scale societies, and it had all been achieved within the framework of a capitalist mode of production and its concomitant inequalities. The achievement mocked both the predictions of Marxist theory and the practice of the countries of the Soviet bloc, and all this was duly and understandably celebrated in pluralist literature. But, as some observers noted at the time, the phenomenon could not be explained solely in terms of political variables (Dahrendorf, 1964): the period was one of economic progress following hard on the deprivations of two world wars and the inter-war depression. Many popular demands could be satisfied through economic means, with an extensive degree of democracy therefore imposing little pressure on the polity. In terms of the satisfaction of demands this was an episode of economism *par excellence.* Since the late 1960s Western economies have experienced much greater difficulty in securing economic advance. The state has been brought more to the centre of the stage: because it has become deeply involved in attempts at economic revival; because more demands fall on its shoulders with the failure of the economy, while it has itself increasing difficulty in meeting demands as a result of the economic downturn; and finally because it has to play an important part in trying to reduce popular demands in line with reduced economic capacity (by means of restrictive economic policies, attempts at understandings on restraint with the leaders of organised groups, and, occasionally, straightforward repression).

While there is widespread agreement among broadly pluralist writers that overloaded government is a problem, it cannot yet be claimed that there is any major consensus on a solution. Complaint about excessive expectations is one thing; discovery of means to reduce them is another. Some contributors to the debate have however formulated some distinctive ideas. If there is a crisis because of excessive vulnerability of government to popular demands, then means must be found of insulating governments, of putting a whole range of issues beyond the reach of democratic politics (Brittan, 1978; Parkin, M. 1975. Rees-Mogg, 1975).

For example, it was once believed that the gold base of the currency was an issue which had to be kept beyond politics, because to tamper with it meant rapid doom. The collapse of this still left intact for a while the belief that the level of unemployment was something about which governments could do little. The full acceptance by most Western governments of Keynesian economic policy ended this illusion and threw most economic variables open to political manipulation – democratic demands being checked by no equivalent responsibility on those making them to respect the laws of economic scarcity. True, Keynes's own prescriptions provided for deflationary as much as expansionary policies, depending on the economic conjuncture. But, it is argued, within a democratic polity a ratchet effect operates to ensure that deflation is always inadequate and expansion excessive: public pressure keeps public spending too high but unemployment and taxation too low. Rigid control of the money supply and the insulation of central banks from democratic influence are seen as the new barriers which will limit the ability of popular demands to sway public policy. The only alternative, apart from chaos, is more state control of the economy so that governments can manipulate the variables left free by Keynesian policy. This is seen as automatically leading to a diminution of liberties. Thus, in the eyes of the most candid commentators, democracy has to be limited in order to preserve liberty (Brittan, 1978).

It is as might have been anticipated: if the combination of liberty and democracy within capitalism which constitutes Western pluralism was dependent on an advancing economy, the eclipse of that economy must lead to a re-examination of the political ablance.[2] Themes of debate which seemed in the first two postwar decades to have disappeared from the political landscape return with all their nineteenth-century vigour: can individual liberty survive universal suffrage? Can the capitalist economy accommodate organised labour? How can the economy be put beyond politics? It would be premature to claim that these arguments have secured dominance as the school of political thought having most influence on public policy, though its economic counterpart, monetarism, is very near to having done so. It would also be quite wrong to claim that it represents the stream into which pluralist theory has finally flowed. But it is notable that arguments of this kind represent one of the few innovative contributions to political debate among political scientists outside the Marxist camp in the 1970s.

The Corporate State

The revival of interest in the corporate state reinforces the impression

that with the apparent passing of the Keynesian period of postwar economic development the capitalist world is returning to some of the political preoccupations of earlier decades – broadly those from 1870 to 1940. It was from the 1870s onwards that the industrialising countries of Western Europe began to come to terms with two developments which had not been part of the canon of early capitalism: the inevitability of the organisation of labour; and the need to be able to ensure the viability and progress of a particular national economy within the potentially destabilising context of international trade, particularly during periods of recession. The capacity and willingness of industrial polities to respond to these issues varied with the extent of the commitment of their institutions to classical *laissez-faire* capitalism.[3] The question cannot be argued in full detail here, but a good contrast is provided by the cases of Britain and Germany. In the former country a lengthy development of industrialisation in a context of individualism and restricted state involvement imparted a deep liberalism to political, legal and economic institutions to which neither corporatist industrial relations nor state-regulated capitalism could be easily wedded. In Germany industrialism was from the outset led from above by a strong state which was building at the same time a modern economy and a new nation on the basis of institutions and legal codes which had changed little since medieval times. As a result the liberal phase of German capitalism was brief, possibly non-existent, and the country was well equipped for a corporatist integration of labour and state-aided, state-protected industry (Schmitter, 1977; Crouch, 1978).

In the period before World War I the main result of these new orientations was the policy of imperialism. Although this was associated with policies of trying to produce a nationalistically integrated and hierarchically ordered society at home, corporatist labour relations remained largely an ideological aspiration, primarily of Roman Catholic social thought trying to find a way between the conflictual individualism of capitalism and the disruptive, anti-hierarchical (not to mention atheistic) aspirations of the growing socialist movement of organised labour.

If the Great War ended the age of imperialism (though not the fact of empires) it also provided the basis for a new integration of state, capital and labour. In modern wars of total mobilisation, all capitalist societies are corporatist: the need to win the war creates an overwhelming moral unity and defines an external enemy so clearly that internal conflicts pale into insignificance; the state engages in a degree of propaganda and popular activation not normally seen in capitalist societies – politics

ceases to be a mere 'sideshow in the circus of life' (Dahl, 1961:100) and becomes literally a matter of life and death; the degree of economic regulation in which the state engages increases massively since it has to ensure the needs of the single overriding extra-economic priority of fighting the war; and the working class is taken into a highly corporatist relationship, with civil liberties restricted because of war needs, but concern for its physical and moral welfare considerably increased.

During the extreme crises of the 1920s and 1930s these models of state action to incorporate organised labour and to protect industry remained relevant to economic and social policy, though with very different emphasis in different countries. For example, in Italy it was under the fascist regime, with its self-conscious adoption of corporatist rhetoric, that a system of organised industrial interests responsive to state direction was established, after the crushing by force of the oppositional labour movement. In Germany corporatist organisations involving the autonomous labour movement, together with protective measures for private industry, were developed by the centre-left governments of the Weimar republic, and it was largely the *petit-bourgeois* forces left *outside* that system who gave support to the Nazi movement. This was thus in certain important respects hostile to corporatism in the name of a more inclusive state unimpeded by interest groups – an important and often overlooked difference between the Italian and German fascist movements (Maier, 1974). In contrast again, in Britain a policy of industrial protection, cartelisation and restriction was adopted only with extreme reluctance by governments and industrialists still preferring a liberal economic system, while a corporatist strategy towards labour was pursued only fitfully – for much of the period the high level of unemployment and the demoralisation of labour after the General Strike of 1926 seemed to make political recognition of organised labour unnecessary.

During World War II the fascist countries were already under a form of corporatism; in Britain the war effort had the implications for domestic organisation discussed above; while in the occupied countries the labour movement and those sections of capital which did not collaborate forged a unity in the Resistance that facilitated corporatist developments in the early postwar years. However, as I have discussed elsewhere (Crouch, 1978), the wartime build-up of corporatist potentialities petered out during the 1950s as the years of unprecedented economic growth and mass prosperity provided an original and apparently secure basis of social integration for advanced capitalist societies. Apart from a motley collection of countries including Spain and

Portugal, the Netherlands, Peronist Argentina and possibly Sweden and Norway (Schmitter, 1977) the concept of corporatism became of declining relevance as an element in the analysis of contemporary politics.

During the past decade all that has changed. The decline in economic fortunes and associated rise of detailed state economic activity, together with the resurgence of industrial conflict and government attempts to regulate it, have revived the concept of the corporate state. Although the various authors who have contributed to the theme differ among themselves, and everyone has contributed his own classification of types of corporatism, there is a reasonably wide and fruitful area of agreement, which may be summarised in the following terms.[4]

1. Corporatism is best regarded as a strategy pursued by capitalism when it cannot adequately subordinate labour by preventing its combination and allowing market processes to work. If liberal capitalism operates through individualism and the rigorous separation of the economic, political and ideological (or normative) spheres, corporatism entails the opposite. Subordinates and other economic actors are organised, and order is secured by the hierarchical control of organisation. Regulation through organisation almost necessarily involves the state as the only institution capable of securing centralised order (the merging of the political and the economic); while a high degree of normative integration is also necessary to ensure consensus over hierarchy. It is this *reversal* of some of the achievements of the liberal phase of capitalism that imparts the element of medievalism so important to corporatist ideology.

2. It follows from the above that corporatism is a *class* concept and belongs to the analysis of capitalist society. It has to do with ensuring the subordination of labour and represents an alternative strategy for capital when the classic pattern of control through markets is unavailable (or is for other reasons not pursued). Most analyses of corporatism have adopted this approach, but an important exception is J.T. Winkler (1976a).[5] His primary focus is on industrial rather than industrial relations policy. This is in itself not objectionable (see 3. below), but he detaches the concept entirely from class relations, regarding it as essentially a relationship of tension between the state and private industry; industry remains in private *ownership* but subject to *control* by the state – a new formulation of the division between ownership and control. There are two problems with such an analysis. First, it ignores the fact that the regulation of labour in the interests of capital has been an important aspect of most corporatist policies. Second, it leaves implicit and poorly theoretised the relationship between capital

and the state. Whose interests does the state serve and why? If, as will be further discussed in a later section, there are good reasons for believing that most actions of the state are taken in the interests of at least certain sections of capital, then the idea of corporatism being a matter of the state, as a separate entity, imposing constraints on industry becomes highly suspect. On the other hand, to anticipate subsequent arguments, Winkler's arguments are not to be as easily disposed of as current versions of Marxist theory assume, and it is the problematic status of corporatist strategies within liberal democratic capitalist societies which leads us to raise certain queries of the Marxist account.

3. While corporatism certainly has to do with industrial relations, it would be wrong to regard it as a concept which can be analysed within the variables of industrial relations in isolation. Some of the conditions of corporatism may reflect developments in other areas of the economy, such as: defensive rationalisation and cartelisation; an increasing degree of concentration in industry to take advantage of modern technology and the economies of scale; state participation in economic planning; and other processes which at least partially suspend the full force of market competition. The reason for this is as follows. One does not need to accept the Marxist labour theory of value to recognise that ultimately every price reflects the cost of the labour input of the good in question. Any policy which partially suspends market forces needs to find alternative means of restraining prices – ultimately the price of labour. Where imported goods are concerned this is achieved through tariffs and other protectionist measures. Within the domestic market in an economy with an organised labour movement similar control can be secured only by incorporating labour's organisations within the structure of economic regulation. Where labour is weak and non-disruptive the general economic policies associated with corporatism may be able to dispense with a labour relations policy – as was perhaps the case in Britain for much of the 1920s – but this is likely to be temporary; if the corporatist policies are at all successful in stabilising the economy in conditions of suspended competition, labour will become powerful.

It will be noted that not all the developments associated with corporatism immediately involve the state – indeed some of the more idealistic versions of corporatist theory virtually ignored the state and envisaged a corporatist system emerging out of a chain of autonomous agreements between employers and workers. This is as naive as syndicalist theory, to which it is not unrelated, but it is important to regard the state's activity as *part* of a wider pattern of developments which reduce the fragmentation, atomisation and competition among

economic units which characterised classical capitalism. Particularly useful here is a concept closely related to that of the corporate state which is also enjoying a revival of interest – that of 'organised capitalism' developed in Weimar Germany by Hilferding, Naphtali and others.[6] Hilferding discerned a series of related processes taking place within modern capitalism, some involving the state, others not. Included were concentration in industry, trade and banking; the bureaucratisation of and introduction of planning into the firm consequent on the emergence of professional management; the increasing organisation and extension to a national basis of industrial conflicts; growing state intervention to restore the economic equilibrium constantly disrupted by the chaos of capitalist markets; state intervention in social policy to reduce insecurity; imperialism; the growing importance of political parties and an expansion of the role of the state to embrace general guidance *(Leistung)* of the whole society rather than simply the maintenance of order *(Ordnung)*; the development of ideologies of scientific efficiency.

Hilferding considered that these processes would mean increasing economic stability and a societisation of processes formerly left to the autonomous regulation of the market. As a reformist Marxist he believed that this marked the start of the transformation of capitalism into a planned, rational socialist economy, especially as increasing participation by the labour movement was necessary in the institutions established to secure stability. Concomitantly he saw a need for workers to share control in running industry at the level of the firm – a contribution of his thought which has survived in the German labour movement's advocacy of *Mitbestimmung*.

Clearly, Hilferding is discussing the same processes as those usually labelled as corporatism: the establishment of a capitalist order secured through organised co-ordination rather than through markets, with labour's organisations integrated into the process of control. However, where most concepts of corporatism see this process as one in which labour is subordinated, Hilferding considered that through such mechanisms labour *might* succeed in transforming capitalism and gaining dominance. His optimism and, as a result, his overall theory are generally considered to have been discredited by the eventual fate of Weimar – though certainly no more discredited than the official international Communist policy at that time of, first, conniving at any crisis in the fragile structure of German liberal democracy and then temporarily co-operating with the Nazi regime. It has also been observed that the defensive measures of European capitalism in the 1920s did not have the stabilising and progressive, let alone transformative, potentialities that Hilferding believed; however, the same critics point out that the

Keynesian economic policies which became dominant by the 1940s did provide the kind of politicised stabilisation of capitalist economies for which he had been looking (Winkler, H.A., 1974).

4. Hilferding's arguments that an organised capitalism presents opportunities to organised labour has interesting implications for corporatist theory – implications which are echoed in much recent literature. Because of its origins in nineteenth-century anti-liberal Conservatism, and even more because of its use by fascist regimes in Italy, Spain and Portugal, the corporatist state is often regarded as highly hierarchical with few elements of pluralism. This assumes that a corporatist strategy employed by dominant elites is actually successful. There is one major condition for this success: the organisations which simultaneously represent and discipline the working class have to operate primarily downwards, ordering and controlling their members. If in fact they instead (or even also) work upwards, conveying demands to the state and to organised capital, not only do they impart a strong element of pluralism, but it is a pluralism which is less constrained by the market and by the institutional segregation of polity and economy characteristic of liberal capitalism.

In classic corporatist ideology this problem was overcome by envisaging that all classes of society would be united morally and normatively, usually through the agency of the Catholic Church, in a manner that was considered to have been characteristic of medieval, feudal society before the disruptive impact of liberal, individualistic capitalism. The ambition was always improbable; the construction of a positive ideological unity in a capitalist society has proved to be a difficult task (Hirsch, F., 1977). Some success was achieved with the creation of a Catholic labour movement in opposition to the existing socialist one throughout continental western Europe, though even this never saw its role in entirely collaborationist terms.

The fascist countries had greater scope for creating ideological unity than those with essentially liberal political systems, through their intensive use of state propaganda and popular mobilisation under nationalist slogans. However, this was heavily buttressed by the use of massive coercion which in principle has no place in corporatism. To a certain extent the widespread repression of dissidence was a condition for the success of ideological mobilisation. In a society where autonomous groups are allowed to organise themselves, attempts at mobilisation by the right will be countered by similar attempts by the left, leading to a raising of political tension and a threat to social stability: hence the tendency for mass mobilisation to be inversely related to the degree

of liberal freedoms present in a society.

These considerations lead us to predict two different destinies for corporatist strategies, depending on whether the social context in which they are launched is liberal or authoritarian (Schmitter, 1974). By liberal I here mean a society in which organisations (of capital, labour and other groups) develop autonomously within civil society, deriving their self-definitions and their power from their constituent parts – ultimately from individuals. By authoritarian is meant a system in which organisations are defined, allocated power and probably even created by the state, their base in civil society being weak. Clearly a scale of that kind is a continuum rather than a two-fold classification: for example while the Federal Republic of Germany and the United Kingdom would both be classified as liberal, the latter would rest more unambiguously near the liberal pole. Further, of course, the positions of individual countries change over time. However, for the purpose of the present discussions we shall speak in terms of the two extreme cases: liberalism and authoritarianism.

If the ruling classes of an authoritarian society make use of corporatist strategies they will do so through the creation of more or less artificial organisations – at least on the side of labour – whose scope and power will be subject to the whim of the state for as long as the state can remain effectively authoritarian. Repression can be easily mobilised to deal with dissidents. The corporatism will be hierarchical and relatively untroubled, though it will not really correspond to the ambitions of classical corporatist ideology which saw the necessary unity of such a system emerging spontaneously from the organism of civil society.

Against this, corporatism in a liberal society means coming to terms with autonomous organisations which will never be entirely successfully subjected to ideological hegemony and which must always do something to represent their members. Relations between the state and these organised interests are therefore always likely to be characterised by bargaining: something has to be exchanged for the social peace which the organisations are expected to deliver. This has at least two important implications. First, this kind of shifting, bargained relationship is very different from both the moral order of pure corporatism and the rigid control of fascism. Second, the fact that the bargaining takes place between organised labour and the state, and between peak organisations of capital and labour, opens up a range of issues to working-class demands which go way beyond the limited, institutionally segregated economistic demands of collective bargaining under liberal capitalism –

Hilferding's argument. It is for this reason that capitalist interests within liberal societies enter corporatist arrangements with great reluctance – they are corporatists *malgre eux.* They may be driven to corporatist strategies because these offer the only hope of coming to terms with a militant labour movement, or (as outlined under 3. above) economic problems not immediately connected with labour relations may lead them into that pattern of state intervention, organisation as interest groups and suspension of competition which entails corporatism.

This ambiguity in corporatism within liberal societies, and the different patterns produced by corporatist strategies within liberal and authoritarian contexts has been captured by several recent commentators, most notably by Schmitter (1974 and 1977), but also by Lehmbruch (1977), Harris (1972) and Crouch (1977). The theory of the corporate state is thus able to contribute much to an understanding of contemporary developments, placing them in historical context and relating changes in the role of the state to wider economic changes. However, by themselves accounts of corporatism do not explain why the state responds to capital's needs – especially since these needs are so reluctantly expressed. At this point one needs to turn to Marxist theory – bearing in mind that the distinction between liberal democracy and authoritarianism identified in the corporatist literature will create problems.

Marxist Theories

It has been mentioned that there is some overlap between the writers on corporatism and the Marxist school; perhaps more surprising there is considerable *rapport* between Marxists and proponents of the overloaded government thesis. Reactionaries and radicals alike celebrate the same evidence of discomfiture in the political compromise which has kept them both at bay for so long, even if at the end of the celebration they retire to opposite corners. For writers like O'Connor (1973) and, to a lesser extent, Offe (1972a, 1975a), it is the attempt at meeting welfare demands while also trying to advance the capitalist economy which creates the fiscal and general political crisis of the modern state – the same process described by conservative critics. Similarly, Poulantzas (1975:p.172) points to the way that an increasing number of issues becomes politicised, shifting struggle to the polity, which cannot cope with it. And Jessop (1978), in arguing that liberal democracy is associated with economic liberalism, consciously echoes the case of advocates of the free-markets economy. More generally, the notion of 'overload' appears as a Marxist 'contradiction': the state is called upon to perform functions which

conflict fundamentally with its need, as a capitalist state, to secure the private accumulation of the surplus value arising from economic activity. A principal difference between the two traditions is that for Marxists the state's new functions are determined by the needs of the capitalist economy itself, rather than by popular pressure on politicians.

Alone among the various schools of thought involved in current discussions of the state, the Marxists can root their thesis in a general theory of society – a theory which gives an account: of the relative significance of different elements of social structure (giving, for example, priority to the economic and to relations rooted in the economy); of the way in which different aspects of structure are interrelated; of the motivations of human action which mobilise those structures and relations; and of the constraints which the latter in turn impose on human action. The only comparable edifice within modern sociology is the structural-functionalist theory of Talcott Parsons, which has had little to contribute to current discussion of the state.

One problem with Marxism is the large number of rival factions that exist within the corpus – extending indeed to writers' refutations of their own only slightly earlier work. Given that most Marxist writers are tied to a particular political cause, academic disagreements can imply a ferocious enmity. Little attempt will be made here to go into the fine details of these factional disputes, since the main intention is to elucidate the fundamental strengths and weaknesses of the overall Marxist contribution. Attention will be limited to those authors who are prepared in some way to acknowledge the 'relative autonomy' of the state. This rules out advocates of the original Soviet Marxist formulation of state monopoly capitalism, with its complete failure to distinguish between liberal democracy and fascism, and other theories which maintain a naive conception of the relation between ruling classes and the state.

The central insight of the French structuralist school, which has made most of the running in the development of Marxist state theory, is that capital is composed of several distinct 'fractions', whose interests may often conflict (Poulantzas, 1973; 1975). In the overall interests of the capitalist system it is therefore necessary that the state not be a mere tool of capitalism – the fractions cannot unite in order to wield such a tool effectively, and the only other alternative would be for the state to be wedded to one particular fraction which would not serve the interests of capital as a whole. The state's relative autonomy is therefore necessary so that it can establish what are the general interests of capital and pursue them, if necessary, against the interests of individual fractions.

The argument of most of the German 'capital-logic' school is, despite certain differences of approach, basically the same on this question (Holloway and Picciotto, 1978).

This formulation is useful in the empirical analysis of state policy and the political strategies of different capitalist fractions (an example of such use, though much modified, is the paper by Strinati in the present volume). There are however two major problems with it: the account it gives of why the state in a capitalist economy is necessarily a capitalist state, and the relationship of working-class organisations to the state's relative autonomy. The first point is important because, by correctly abandoning naive notions of the state being under the direct control of capitalists, structuralist theory has deprived itself of the most obvious if wrong answer to the question. Instead the account it gives is a straightforward functionalist one: the state is capitalist because that is the character of the society in which the state finds itself. The state can, therefore, only cease to be capitalist if capitalism is itself destroyed. Apart from the general problem of whether a functionalist account can be held to *explain* anything, this is couched at a very high level of abstraction. As it stands it is of little help in explaining why, in any given situation, political actors are forced to act in a way compatible with the general interests of capitalism. The German school, by relating the process more overtly to problems of capital accumulation add considerably to precision on this point; and the more historical approach of some representatives of that school gives a certain answer to the question why, but the attempt at deriving logical necessities from such broad categories as capital and accumulation needs is unsatisfactory. Both theories are notorious for their inability to cope with action, and the dismissive way in which Poulantzas and others claim to reject the force of that criticism (e.g. Poulantzas, 1976) does not dispose of the fact that if sociology is to serve any purpose it must be because it explains and interprets concrete human behaviour.

For French structuralism all questions are resolved at the level of general theory; little remains for short-range theories of action or for empirical justification (Poulantzas, 1975: 158, 161 fn). Thus, the state is assumed automatically to care for the general interests of capital, because that is the role assigned to the state in the logic of structures. There is little place for possibilities such as that discussed by Longstreth in the present volume, where, not through abstract structural logic but through specific institutions, a particular fraction of British capital – the financial sector – has been able to dominate state policy to the possible *detriment* of the long-term interests of capital as a whole (not

to mention the whole society).

If the theory cannot deal with wayward behaviour within capital, even less can it cope with labour.[7] Given the account of why the state is capitalist outlined above, it is clear that the state's relative autonomy does not encompass any capacity to respond positively to working-class demands and pressures. For the theory to admit this would involve either (1) acknowledgement that the state within a capitalist society can nevertheless be responsive to interests other than those of capital, thereby undermining the entire functional nature of the analysis or (2) arguing that capitalism is a social system of such inbuilt pluralism and liberty that its own logic can serve the interests of labour as well as capital. This latter is of course the position of the ideological defenders of capitalism, and it is in some respects a powerful argument, but it is hardly Marxist – though Offe and Ronge (1976) come very close to a sophisticated formulation of it when they argue that capitalism reflects the interests of *all* members of a society to the extent that those interests can be expressed through the workings of capitalism.

Now, two of the most remarkable facts about the liberal democratic capitalist societies are, first, the extent to which their ruling classes mistrust the state and try to limit its activities, and second, the relative responsiveness of the polity (in contrast with the situation in virtually all other known large-scale societies) to working-class demands. This latter point may be only a matter of degree, but relativities and comparisons are highly important. There must be something radically wrong with a theory which not only ignores these important facts, but also necessarily denies them.

The facts are of course related. The *central* reason why capitalist interests mistrust the state is not the fear that it will be other fractions of capital which gain its favour (though this may sometimes be the case) but that it will be responsive to class interests other than those of capital.[8] The attempts of Marxist analysis to get round this problem are not convincing. An example may be taken from a recent study (overall a sensitive and subtle one) of the nationalisation, denationalisation and renationalisation of the British steel industry (McEachern, 1977). For present purposes the author's central problem is how to account for capital's eventual acquiescence in public ownership of the industry, while its opposition in the 1950s had been extremely strong. The author is able to adduce several good arguments. By the time of the 1964 Labour Government private capital had learned that nationalisation as practised in Britain did not threaten its interests as had once been feared; and the industry was in such a poor condition that it could not provide

large profits but needed large-scale reorganisation which would require state help. This certainly explains why opposition became much less intense and why organised capital as a whole did not take up the clamour of the steel owners themselves. But McEachern wants to go further than this; it is not just that capital was able to take advantage of nationalisation once it occurred, or to ensure that the nationalised industry behaved in ways acceptable to it, in the sense of making the best of a fairly bad job. He has to assert (p.278) that public ownership was *the* solution that *best suited* capital and that capital was the interest on whose behalf the nationalisation was finally carried out.

It is very difficult to square such an account with the actual positions adopted by capitalist interests. An alternative formulation which does not incur such difficulties but which also retains McEachern's overall conclusions about the significance of nationalisation runs as follows: the drive for the public ownership of steel originated from and remained with the left wing of the Labour Party. Its presence in the party's programme and eventual implementation owe much to the need of the party leadership to offer the left something, while the fact that the industry was becoming a problem requiring some sort of action, together with the relative diminution of the opposition from capital, made it a concession that was reasonable and uncostly to make. Given the overwhelming importance of capitalist mechanisms in the British economy, the nationalised industry then took its place as just another large employing organisation offering little challenge to capital. However, since every accretion of state power is seen by capital as *potentially* encroaching on the prerogatives of private control of the economy, capitalist interests would always have preferred an arrangement that retained private ownership. Some of the underlying assumptions of such an account are spelt out in more detail later in this paper (pp.36ff.) For the present we need merely to ask why most Marxist accounts find it necessary to go beyond such an interpretation in order to tie policies of this kind more tightly to the interests of capital as a whole, despite the loss in plausibility which this involves.

The reason is that to argue that capitalism 'made the best of a bad job' is to imply that non-capitalist interests were at least able to initiate a policy, even if in the subsequent implementation they lost control of it. To concede that is too much for a theory which locates the state solely within a role functional to the maintenance of capitalism and representative of capitalist interests – general or particular. It is almost as though, having admitted the idea of the relative autonomy of the state, a structuralist theory has to move quickly to close the loophole

to elements of pluralism which this might imply by pitching the theory at such an abstract, rigid level that all questions of the respective positions of labour and capital are resolved in the initial formulation and not left open to any modification by actual behaviour.

Rather different is the approach of Miliband (1977), whose account of politics in capitalist society is far more flexible and allows for the albeit limited political power of the working class (e.g. pp. 75,97). Unfortunately, however, this mainly emerges in Miliband's empirical accounts. At the level of theory he is silent. His theoretical answer to the question – why is the state in capitalist society a capitalist state? – has three parts: the role of interrelated elites from common social backgrounds in policy-making, the activities of pressure groups representing powerful interests, and structural analysis *à la* Althusser and Poulantzas (pp. 68-73). The first two are the themes which figured so prominently in his earlier work on the capitalist state and which occasioned the protracted debate with Poulantzas (*New Left Review,* 1969). The addition of the third item represents a kind of concession to the structuralists and is rather surprising. Miliband's use of the idea of structural constraint in his empirical accounts is by no means as abstract and rigid as theirs is; he concedes too much to them in giving them title to his concept of it. In discussion, he does distinguish between authoritarian and liberal-democratic forms (1977:p.75). However, the fact remains that up to now, he has not done so at the level of theory.

But if this remains the position of most Marxist writers, there have recently been interesting exceptions who are able to remain within the Marxist camp by making use of the formula that the class struggle is reflected in the policies of the state, by which is meant that the state, in order to maintain the social peace necessary for capitalism, has to make concessions to working-class interests; some state policies will therefore work to the advantage of workers, possibly even against the immediate interests of capital. The state's relative autonomy from specific capitals in order to safeguard the long-term conditions for capital as a whole here involves it making real concessions. The argument can, for example, be deployed to account for certain aspects of the welfare state – especially now that edifice is being threatened, and that to regard it as merely a device for incorporation, as was common in the 1960s, therefore becomes difficult to maintain. Different writers evaluate these 'concessions' differently. For some, since a concession is something which has to be offered to secure capitalism's own peaceful future, it may therefore be regarded as something in capitalism's own interests, and virtually written off as a working-class gain or as evidence of

countervailing working-class power (McEachern, 1977; Warren, 1973). But this ignores the elementary point that much as capital might benefit from offering concessions, it gains much more if it does not have to make them, and that situations in which it does have to make them must be evidence of countervailing power.

Other writers are less grudging; for example, for Gough (1975), certain social policies constitute straightforward working-class gains which capitalism can only with great difficulty roll back. In ascertaining which policies come in this category he develops an analysis of state expenditure that is very useful indeed, though it does include one argument which has surprising implications. In common with other Marxists he points out (p. 21) that much spending on such matters as education, health, transport are made necessary by the needs of capitalism itself. This is so, but if it is also true that such expenditures are actually valuable to the working class, it is in effect being argued that over important areas of life capital and labour do have certain interests in common, and that the latter can benefit from the needs of the former. This goes beyond Offe and Ronge's argument that capitalism serves the interests of everyone to the extent that they are members of capitalist society; capitalism can also generate actions by the state which compensate for certain disadvantages in market transactions. Are Marxist theories really ready to concede that much?

The concept of class struggle being reflected in the state's policies is also developed by Esping-Andersen *et al.* (1976). On this basis they draw up an elaborate typology of working-class demands, distinguishing between those in the areas of production and circulation, commodity and non-commodity form, and those which are reproductive and those which are unreproductive of capitalist relations. They are then able to classify different demands in terms of the kind of state response which meets them and the chances or not of their being satisfactorily met within the framework of a capitalist society. This constitutes real progress on the typical implicit Marxist typology which tends to label any demand which is met as a concession by definition not worth having and any which is not as a likely cause of the imminent collapse of capitalism. What they are unable to do is to distinguish those demands which are unlikely to be easily met but which, if pressed, can be expected to lead, not just to breakdown and disorder, but to the emergence of progressive changes. This is an important question to which we shall later return.

Analyses of the kind discussed go a long way towards bridging the gap between a Marxist theory of the state and the queries of those who

either suspect a functionalist analysis of why the state has to be capitalist or who consider that state theory should reflect in a more straightforward way the realities of liberal democracy. On the evidence in the literature at hand, the gap may actually be closed in the account of Esping-Andersen *et al.*, but Gough's position is more typical in that he wants to insist that the state *represents* the interests of capital alone; the institutions of liberal democracy are essentially mere legitimation and ideology (p.81); and policies which meet working-class demands are concessions made to a class which itself stands quite outside and beneath the state – indeed, his account would hardly distinguish between Bismarck's Germany and contemporary Western Europe. Despite the great advance which his analysis presents he shares in the general failing of the Marxist tradition to theoretise the liberal democratic state. Why should this weakness be so persistent?

The answer lies in two very important elements of Marxism: the tendency to excessive rigidity in the concept of capitalism and an unhelpful formulation of what constitutes class interests. Both relate to the same underlying paradox: the unwillingness of most Marxists seriously to discuss social change. Too much has been invested in the dramatic idea of the revolution, which is regarded as a culmination of all history (strictly, pre-history), after which all is utterly changed. Marx himself seems to have shared this view, and in many of his writings he looks forward to an imminent short, sharp struggle after which the construction of something new would begin. However, he did at times recognise the possibility of peaceful transitions (in the liberal democracies, in fact); more important, he did develop the idea that in the period before the revolution social changes would appear within the womb of capitalist society that prefigured, albeit in distorted form, post-revolutionary developments. Difficult though this instance of a policy of 'picking the winners' might be, it is essential that some attempt be made to identify such changes if Marxist theory is to be framed in terms of actual social relations. One important aspect, which will be discussed later in this paper, is that without such an approach one can never distinguish, before the event, actions which are likely to be 'progressive' from those which are merely destructive. It is true that some recent social occurrences, such as the growth of workers' co-operatives, have led some Marxist writers to show more interest in developments 'within the womb of capitalism', but the overwhelming stress of theory (particularly state theory) is on demonstrating (1) how thoroughly capitalist present society is, (2) how it is nevertheless riven with contradictions which must destroy it and (3) how these will issue

into a relatively short, violent revolutionary struggle. Analysis is overwhelmingly concentrated on (1) and (2) – (3) is just asserted. Very little is written on the kinds of social forms that are expected to develop within the transition or on the relationship which social organisation after the revolution will have to that before. All that is, as it were, beyond the wall of time.

Thus, Poulantzas (1977: pp. 82 and 106), having argued well and convincingly that the Communist parties of the West are naive in believing that their capture of the state through an election suddenly converts a capitalist state into an instrument for socialism, goes on to conclude that the labour movement has to 'smash' the state. This concept is left as crude as the language which embodies it. As Miliband asks (1977: pp. 178 ff), with what instrument is the state to be smashed? What organisation emerges from the task of smashing the state? And what relationship does it have to subsequent social arrangements? Similarly, Warren (1973: pp. 96, 97), after a careful and detailed account of economic planning in Western Europe, contrasts the scope for peaceful and 'short, violent' transitions to socialism; after an analysis of the former, which finds it wanting, the latter is just asserted, without analysis.

It is because the process of social change is put beyond time and cast in this unexamined and static mould that the concept of capitalist society is left so rigid. It is not possible for most Marxists to envisage significant shifts in power relations between the classes within capitalism, because changes of that kind are reserved for the period the other side of the revolution and hence beyond intellectual analysis. Of course, that does not mean that Marxism regards the operation of capitalist society as a matter of effortless smooth functioning; rather, the society is seen as torn by major contradictions, and it is from the incapacity of the society to cope with these contradictions that the revolution emerges. However, it should be noted that this concept of social change is singularly rigid: a contradiction develops, capitalism is unable to cope with it, and the result is a fundamental crisis from which emerges a socialist transformation. The trouble is that many of the conflicts and crises that Marxists have confidently labelled contradictions of this type have subsequently proved to be resolvable within the framework of capitalism, though perhaps with major shifts in the alignment of class forces within it. As Daniel Bell has noted (1976: p. 235), the first generations of Marxists predicted the collapse of capitalism because the unplanned and anarchic nature of the market would lead to an excessive concentration of industry, resulting in a declining rate of

profit. After the 1930s, when capitalist states began to use public spending to resolve such crises, Marxists argued that this could only be done through spending on armaments and defence, not on social policies. Now, with such writers as O'Connor, the fundamental flaw is seen as a fiscal crisis resulting primarily from high state *social* expenditure necessary to the maintenance of capitalism. Bell (1976: p. 236) comments:

> Each of the three versions held the dismal fate of capitalism to be inevitable. And at some point, since all social systems change, capitalism may expire and Marxist 'theory' will claim the victory. But if the reason for capitalism's demise is the expansion of social expenditures, the labeling is a conceit. To call the heart of this argument 'Marxism' is part of that incorrigible radical myth making which seeks to convert every crisis into proof of the validity of a (constantly redefined) ideology.

There is clearly something fundamentally wrong with a theoretical position which is repeatedly taken by surprise in this way, and which after each instance simply redefines the existing postulates of the theory until the next historical refutation.

The Marxist conception of class interests encounters different problems, but resulting from the same cause. In some ways its concept of interests is among Marxism's strongest points. Marx stressed the importance of the pursuit of class domination (and its concomitant material advantages) as the goal of class interest and showed how to interpret class actions in terms of their contribution to that goal; this provides a unifying concept of goal maximisation that is potentially of as much value to sociology as that of profit maximisation is to classical economics – indeed, both have a common origin in Ricardo.

Marxist theory is particularly good at deriving the interests of capitalist classes, because capitalism is the structure in dominance and capitalism's interests are expressed in a continuous series of incremental decisions aimed at maintaining that dominance in changing circumstances. For working-class interests however there is a problem. For Marxists, the working class will only realise its interests the other side of the revolution; in the meantime therefore its interest consists in pursuing those strategies which will make the revolution. The possibility of immediate material gains through, for example, successful wage demands, is recognised, but these only correspond to long-term class interests in so far as their pursuit results in crises for capitalism. The

'capital-logic' school solves this problem most unsatisfactorily by regarding proletarian material interests as 'commodity fetishism'. To generalise this to refer to virtually any pursuit of material interests is both utterly unrealistic in its perspective on human life and takes the edge off the real, if limited, application of the idea of fetishism (Holloway and Picciotto, 1978: p.24). An example of how this conception of interests operates may again be taken from the policy adopted by German Communists under the Weimar Republic. A revisionist like Hilferding advocated support for the infant German liberal democracy, because in terms of his conception of socialism emerging gradually from a series of changes within the structure of capitalism, the establishment of parliamentary democracy constituted one such change (Kocka, 1974). For the Communists, on the other hand, the Weimar Republic was a development entirely contained within, and probably contributing towards the stability of, capitalism. Therefore any action which threatened the viability of the republic threatened the stability of capitalism, which would hasten the revolution and thus the real interests of the working class. The two arguments therefore produced directly opposite analyses of wherein lay the interests of the working class.

Grasping this central Marxist meaning of interests enables us to give a more satisfactory account of the idea of 'concessions' discussed above (p. 28). In an orthodox Marxist analysis an accretion of working-class power occurs within capitalist society only to the extent that the class is able by its actions to intensify the contradictions of capitalism and prepare the conditions for revolution. Apparent increases in power which lead to the class securing a better return *within* a more or less stable framework of capitalism do not hasten the realisation of its long-term ends, may indeed hinder them by 'buying time' for capitalism, and therefore should be added to capital's side of the balance, not labour's. But the increase in the coherence of the theory rests on the very shaky foundations that constitute this approach to interests.

The problem is that the claim that working-class interests will be properly met after a revolution is not a statement which can be made by social science; it lies beyond the scope of any general predictive laws which it is in our power to construct. Marx's belief that long-term historical laws of that kind could fall within the purview of science was shared by many nineteenth-century thinkers, but it is not possible to retain that view in the face of modern knowledge of the scope of science. There is therefore a complete asymmetry in Marxist literature between the treatment of capital's interests and those of labour. The

former are derived from everyday practice within existing, more or less known societies; the latter are posited on the basis of a social structure which is not and cannot be known. This constitutes a colossal double standard within Marxist analyses.

Does this mean, then, that working-class interests can only be established in terms of the opportunities presented to labour within capitalist society? Not quite. It is perfectly reasonable to argue as follows: within capitalism labour is subject to constant subordination; labour therefore has an interest in the development of any mode of production that will reduce or eliminate that subordination; it is therefore in labour's interest to support revolutionary (that is, system-transforming) strategies provided (1) that there is a reasonable expectation that the result of the change will be a system that does in fact reduce or eliminate domination and (2) that the material advantages already gained by the class within capitalism are not put in jeopardy. Clearly, these are tough criteria to meet in practice; can there ever be a reasonable expectation that a major social change will work to the advantage of a particular class? The idea of developments taking place within the womb of the old society provides the only means of meeting that criterion; if a particular form of social organisation is seen to work in a certain way, it is rational for the interests associated with it to work for the elimination of all barriers to its extension, and since their interests are already defined in its terms there is good reason to expect that they will remain with it. It was in some such manner that the capitalist mode of production emerged out of feudalism; the matter was never really resolved by short, sharp, clear-cut class confrontations, even in France.

But to argue that a class's interests in extensive change can only be established if elements of the predicted new situation have already started to occur, and in a sufficiently substantial way to constitute a true interest, would seem to suggest that extensive social change favourable to the working class can only occur in relatively liberal societies which are able to tolerate a certain degree of countervailing innovation; in more rigid societies there would be no prospect of such changes. Yes, this is the case; one important contribution of Marx was to draw attention to the constraints imposed on human choice by the determinism of social structure. If the only structure which a working-class movement can create within a particular society is its own clandestine party, which becomes an armed party, then all it has created is a coercive force counter to the state's coercive force, which after success in conflict will remain a coercive force, responding to the interests of those who control it rather than to those who might have

been seeking a new mode of production. This essentially anti-Leninist point has here been derived in an abstract and theoretical way, but the present century has provided many historical examples to illustrate it.

Of course, Marxism, indeed Leninism, has always recognised and condemned 'adventurism' – the act of making challenges to capitalist power before the time is ripe. But given the absence of any clear theory on when the moment for change has occurred, the task of assessing the ripeness of time has in practice become little more than a political football kicked between leaderships and dissident groups. A prime case is the French Communist Party, where responsibility for defining the right historical movement became a device whereby the central bureaucracy maintained its hold on the unity of the movement; and much of the energy of the *mouvement de mai* in France in 1968 was devoted to attacking the doctrine of 'possibilism', as this became known, and elevating 'adventurism' into a virtue (Cohn-Bendit, 1968). Given the weaknesses of theory discussed here, Marxist movements which escape the problem of bureaucratism are always prone to the temptations of adventurism, partly because of the natural impatience of those desiring radical change and partly because of the argument, criticised here, that since liberal democracy offers 'concessions' which divert the working class from its long-term interests, it makes sense to take actions which force capitalism to discard its liberal mask and thus get rid of the diversion. This is of course the doctrine being pursued by the Baader-Meinhoff group in Germany and the *Brigate Rosse* in Italy – both logical if desperate developments from the movements of the late 1960s, and both further examples of neglect of the crucial question: have pre-revolutionary changes provided such a base that one can confidently predict that socialism rather than barbarism will ensue from any major social breakdown?

Despite its important contributions and despite the great progress which has recently been made in the sophistication of its theories, the Marxist account of the state retains these major flaws which restrict its value to social science. Most important, these deficiences still prevent it from giving an adequate answer to the question of why and to what extent the state in a capitalist society necessarily acts in the interests of capital.

A Reformulation

Ironically, an answer to that question which is compatible with many of the positive findings of Marxist writing may be derived from a recent contribution by C. Lindblom (1977), a leading figure in the American

pluralist school. While his new book puts him somewhat outside the mainstream of pluralism, and while he pays considerable tribute to Marx, Lindblom can hardly be counted as a Marxist; however, his contribution to the theory of capitalist (or, in his terms, business) domination of the state is more cogent than virtually all the straightforward Marxist contributions, while it at the same time fulfils the important requirement of any theory of the state in liberal democracy of providing a place for the power of non-capitalist interests[9].

Lindblom (1977, chs. 13,14) regards governments in the liberal democracies as being subject to two major pressures: polyarchy and the privileged position of business. The former refers to the familiar institutions, unique to advanced capitalist societies, of free elections, a wide range of autonomous interest groups, freedom of political debate etc.[10] These are the pressures which ensure that these states, unlike virtually any other, are not responsive to dominant elites alone. The latter recognises the fact that governments in such societies *must* pay attention to the demands of business interests because the production of the goods and services needed by everyone rests in the control of these interests, and governments dare not take actions which might restrict this production. In other words, capitalists do *not* just produce their own profits or, in Poulantzas's phrase, simply reproduce capitalism; they have control of a productive power on which everybody is dependent for basic material needs – recognition of this fact being without prejudice to the question of whether production *could* in principle be organised differently. Offe (1975: p.126) makes a similar point: the state is dependent on accumulation and has to *maintain* it, but it cannot itself *do* it. In Lindblom's words (pp. 122-3):

> Because public functions in the market system rest in the hands of businessmen, it follows that jobs, prices, production, growth, the standard of living, and the economic security of everyone all rest in their hands. Consequently government officials cannot be indifferent to how well business performs its functions. Depression, inflation, or other economic disasters can bring down a government. A major function of government, therefore, is to see to it that businessmen perform their tasks.

So long as this remains true, capital retains something of the function of being, in Marx's terms, the class whose interests embody the interests of society as a whole – albeit in distorted form – and the state as caretaker of the general interest will be tied to it. Further, as Lindblom

points out (pp. 152-7), in the imperfect competition of the modern economy businessmen have considerable discretion in deciding what they will do and what they will need as incentives to do it. One cannot therefore be sure that the claimed 'needs' of business are strictly needs; but governments challenge the claim that they are at their own peril, because ultimately only business can tell what its own needs are. Lindblom continues (p.173):

> One of the great misconceptions of conventional economic theory is that businessmen are induced to perform their functions by purchases of their goods and services, as though the vast productive tasks performed in market-oriented systems could be motivated solely by exchange relations between buyers and sellers. On so slender a foundation no great productive system can be established. What is required in addition is a set of governmentally provided inducements in the form of market and political benefits. And because market demands themselves do not spontaneously spring up, they too have to be nurtured by government. Governments in market-oriented systems have always been busy with these necessary activities.

Having established these crucial points Lindblom goes on to argue, similarly to Miliband, that in addition to this structurally privileged position, business is able to wield its massive resources to secure disproportionate influence within the ostensibly rival sphere of polyarchy itself – interest groups, parties and electoral politics. Finally (ch.16) business is also able to mould public opinion so that 'citizens' volitions serve not their own interests but the interests of businessmen'(p.202).

But it is the account of structural privilege which is most interesting, because it is so much more convincing and powerful than the abstract functionalism that contemporary Marxism has chosen. It is a formulation that some of the more flexible Marxist accounts, such as those of Miliband, Gough and Esping-Andersen *et al.* might be capable of incorporating, but the more elaborated versions would have difficulty. It rests, first, on the assumption that governments in liberal democracies are responsible to the people as a whole as well as just to capital, which we have seen causes problems for Marxism's rigid conceptualisation of what comprises capitalism. Second, general popular demands for increasing material prosperity, employment, stable prices, stability are seen as requiring governments to depend on the institutions capable of providing these goods; this involves an encounter with the question

of what constitutes working-class interests, the sticky point in Marxist theory discussed above.

However, once these points are accepted, Lindblom's account produces similar conclusions to certain Marxist positions. For example, it would support Poulantzas's argument on the folly of Communist (or, for that matter, Social Democratic) parties trying to secure 'socialism' simply by taking control of the state. At the same time, since scope for autonomous working-class pressure (an aspect of polyarchy) is built in at the level of theory, such facts as the constant suspicion of the state expressed by capital (or businessmen) become explicable in a way that Marxists find difficult.

The next task is, starting from Lindblom's account but extending it, to construct a general theory of the role of the state within a liberal capitalist society. In doing so I shall not follow Poulantzas in regarding the state as merely a class relation (1975:pp.26,98), nor can I agree with his statement that 'The state is not an instrumental entity existing for itself, it is not a thing, but the condensation of a balance of forces', or with the assertion (Müller and Neusüss, 1978) that all political relations can be reduced to those of class. This implies that the state has no role other than that determined by class relations nor resources other than those concerned with the positions of classes. But the 'monopoly of the legitimate use of the means of violence' in Weber's (1968 edition) phrase, or the 'method of organising the public power of coercion' in Laski's (1935:ch.1) is not entirely reducible to questions of class relations. The ultimate political question, the Hobbesian problem of order, is admittedly shot through with class implications in any society divided into classes: so much of social order is concerned with the maintenance of a particular mode of production. But it is only by the most convoluted reasoning – sometimes indeed found in Marxist accounts – that *all* such questions can be interpreted as class questions.[11] The issues concerning men's access to means of violence, the attempt to concentrate this in a central power and the institutions which are then established to limit and channel that usage are questions *in themselves*. To assume them to be class questions *ab initio* involves either definitional tricks or metaphysics; in contrast to assume them to have their own social place and *then* to demonstrate that many of them become enmeshed in account of the class role of the state which is amenable to rational test.

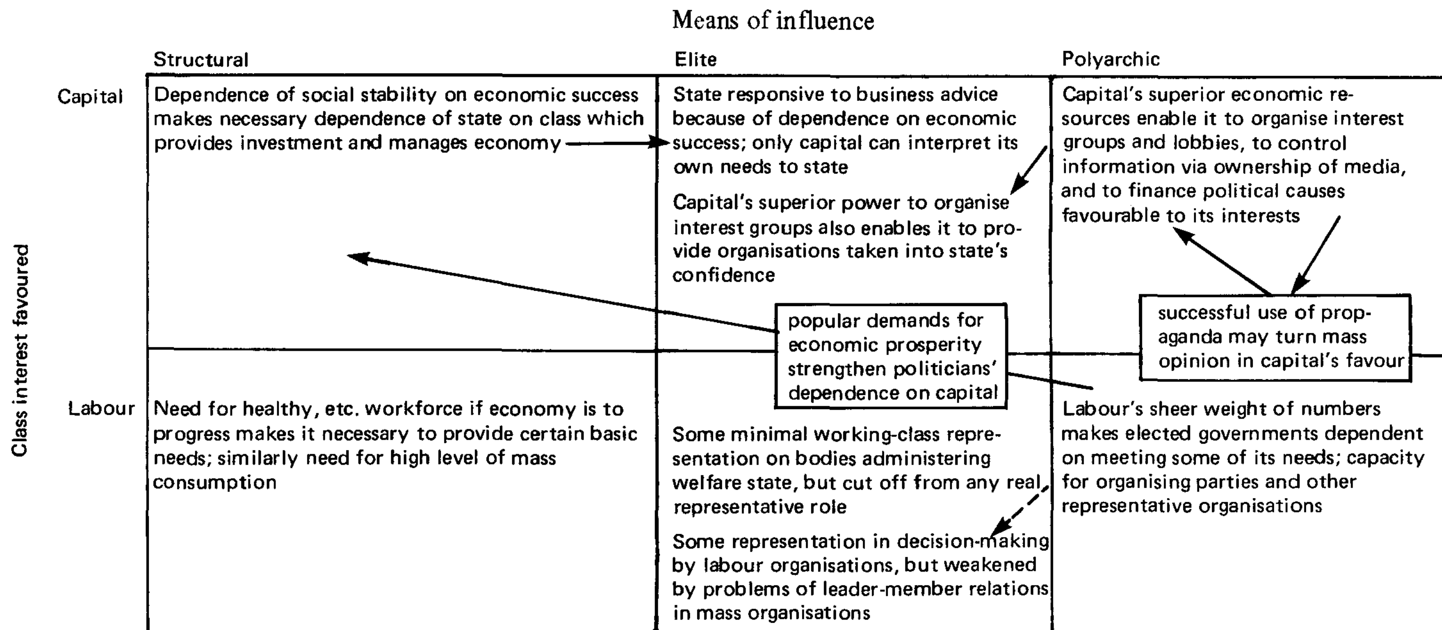
In practice the state consists of a web of institutions which find their ultimate sanction in the monopoly of coercion, but which depend for their smooth functioning on that coercion not being wielded – hence, despite the military sound of many definitions of the state, such as those

of Weber and Laski quoted above, the frequent *contrast* made between political and military forces, as, for example, in the usage of both the British government and the Republican groups in Northern Ireland. The state's personnel ordinarily have a strong interest in maintaining the stability of institutions which stand between the society and the collapse into civil war; the ease of their own jobs, the prestige of the institutions with which they are identified, ultimately perhaps their own physical safety and (in the case of elected politicians and those about them) their survival in office all depend on continuing social stability. It is that pursuit of stability which provides the clue to the ultimate motivation of state action. Most of the time this is best served by securing the interests of the existing mode of production, because it is on that that prosperity seems to rest, and in a liberal democracy prosperity is usually crucial to social stability. But all this is true, not by definition (as Poulantzas would seem to have us believe), but because it can be demonstrated by inspection of the logic of interests of those involved; and of course the latter approach does leave open the logical possibility of exceptions which attempts at establishing the case by definition automatically exclude.

The location of such a state within society is represented diagrammatically in Figure 1.1: The Responsiveness of the State to Different Class Interestsof state action (for which there may be little or no behavioural evidence) and the practices of interest groups, thereby accommodating both the two main contending schools of thought on the analysis of power.[12] Structural power is thus made manifest when the state has to favour the particular interests of a class in order to pursue certain general interests. The arrow moving from bottom right to top left reflects the fact that in order to respond to popular demands for material progress the state has to guarantee economic success, entailing dependence on capitalist interests. It is in this way that capital's interests may often be more readily served by a liberal democratic rather than an authoritarian regime; a non-democratic government will have fewer constraints preventing it from pursuing non-economic priorities, such as foreign military adventures.

One difficulty with the two right-hand boxes (indicating the strengths of the classes within polyarchy) is that the model does not assign relative weights to them. It solves the old conundrum about how it is that the essentially minoritarian interests of capital are so often able to triumph in majoritarian democracy, but how often, and under what circumstances? The question cannot be resolved at the level of general theory embarked on here, but neither should it be abdicated to

Figure 1.1: The Responsiveness of the State to Different Class Interests



empirical test alone. Rather, hypotheses need to be developed about both the conjunctural and the longer-term tendencies likely to advance particular interests – such as the level of unemployment or the capacity of various groups to form coalitions at certain moments.[13]

There is less eclecticism with respect to the left-hand structural boxes. The central assumption here is that, following Lindblom, since the economy is in primarily private ownership the state is fundamentally dependent on capital for economic success. But is it possible for modifications to take place within capitalist society such that capital can only achieve *its* goals if the state also meets certain working-class interests? Or, more directly, are there cases where working-class interests have to be met if certain aims in the general interest of the society are to be successfully pursued?[14] This of course relates to two major preoccupations of this paper: the need to avoid an over-rigid conceptualisation of capitalism, recognising the possibility that varying class interests might be met within capitalism under varying conditions; and the attempt at identifying changes in class relations which might presage wide-ranging social changes that are not introduced by the *deus ex machina* of revolution.

One can envisage such historical possibilities. First, in wartime a state may be forced to pay exceptional attention to the physical welfare of the working class, going beyond the concern that it might have during normal periods of peaceful capitalist activity. This is because it is in the general interest of the war effort that particular concern be given to the class on whose backs it will be won or lost; the general interest depends on the class interest. Such cases are only temporary. More permanent and of greater consequence are all those instances, some of which were discussed above in connection with the work of Gough and O'Connor, whereby the interests of capital, or of economic development, cannot be met unless certain working-class needs which are not fulfilled by the operation of the capitalist market and which are not *per se* in the interests of capital, are met by the state: health, education, full employment, etc. Similar arguments apply to the closely associated adoption of Keynesian policies, especially in so far as these developed out of concern over underconsumption and the need to redistribute spending power away from those classes with the lowest marginal propensity to consume.

The ordinary operation of trade union strength does *not* constitute an example of the advance of working-class interests serving to advance the interests of the society as a whole – with the major exception of union wage pressure which forces companies to improve productivity in

order to meet workers' demands. This is so for two reasons. First, very few wage demands serve the interests of the whole of labour; they are highly sectional and the nearer they approach the level of maximum solidarity (the shop floor) the more fragmented they become, as likely as not being financed at the expense of other fractions of the working class. Second, with the important exception mentioned, concessions to union demands do not produce any increase in the society's productive capacity; all a union or work group can offer is to cease the disruption of productive labour, a disruption which is in any case possible only because of the existence of the union or informal organisation.

A model of the relations of different classes to the state which concentrates on the structural base of class power and polyarchy alone ignores the important question of elites: the well-attested thesis that the capacity of a class to have its interests represented in the state depends on its ability to have personnel responsive to it within the relevant decision-making organs. By this 'responsiveness' one means something going beyond the automatic responsiveness guaranteed by structural factors. The state in a capitalist society will always respond to the interests of capital, but it may do so with differing degrees of precision and may vary in its responsiveness to capital's interpretation of its own needs. For example, it may always be the case that governments must acknowledge capital's concern about the impact of taxation levels on the incentive to invest, but given the difficulties of acquiring firm knowledge of the precise relationships involved, there is an area of discretion in the extent to which governments take seriously industry's complaints. It is at these points where the interpretation of interests becomes a matter of fine tuning, in areas where knowledge is imperfect, that elites become significant.

Unlike structural and polyarchic bases of power, the position of elites is derived, secondary. The fact that an interest is able to provide an elite gives it power, but that does not itself account for the power to generate the elite in the first place. This derives from positions within the two areas of political influence already identified; what an elite does is to represent the social interests made manifest through structure or polyarchy *within* the political apparatus.[15] The state responds to structural or electoral constraints impersonally and externally; the emergence of an elite representing an interest renders this personal and internal. The tendency towards 'organised capitalism' can therefore be seen as a force increasing the significance of elites. As markets become more organised there is room for more discretion in the way in which the stark necessities of an established interest are presented, while the

growing intervention of the state creates a mass of organised, personal platforms for advancing the interest.

The pattern of elite operations to be expected in a liberal democratic, capitalist society are shown in the central columns of Figure 1.1. To the extent that the state intervenes actively in an area of policy it will tend to fashion, or facilitate, the formation of elites out of existing interest groups within the polyarchy. The process will tend to favour the interests of capital because of (1) the existing imbalance in the operation of polyarchy, (2) the greater difficulty of organising mass interests, including the need to develop organisations which then have their own problems of representativeness (Crouch 1977b) and (3) the fact that there will be areas where polyarchy has not extended to mass organisation, leaving elites as the normal available mode of operation of political interests. Where structural factors are concerned, the overwhelming predominance of capitalist interests has already been noted, and the significance of elites as representatives of these interests increases as capital becomes more organised. The weakness of any similar function for working-class interests is weakened further by the particular form which has been adopted in most societies for the regulation of welfare-state agencies. Typically, the rights which have been granted here are *passive* recipient rights, control resting entirely in the hands of government officials and professionals, with a very limited role given to consumer representation on purely advisory bodies in a few cases. To the very minor extent that there is some reflection of working-class interests in bodies of this kind, the problem of the difficulties of mass representation already referred to continue to apply. Overall therefore the result of elite activity is at least to reflect and probably to reinforce the responsiveness of the state to capitalist interests. To what extent it does so and in what cases it will not do so must be a matter for short-range and conjunctural theories. An important example of conditions under which capital may at least temporarily lose out in such situations would be the circumstances which led to the political predominance of British trade unions in the years 1973-6.

It is therefore possible, at the level of general theory, to construct a model of the forces represented in the state within a capitalist society which (1) accommodates the contributions of class, elite and interest group theories;[16] (2) reflects the extensive findings of Marxist literature concerning the fundamental biases in the operation of such a state; (3) provides an account of the structural determination of state policy which is not liable to the general weaknesses of functionalism; (4) enables differentiation between liberal democracy and authoritarianism;

and (5) provides for the theoretical possibility of major social change. This last point refers to the recognition within the theory of the possibility that changes can occur within the framework of a capitalist society which increase the structural power of labour. This in no way implies a theory of inevitability (whether of gradualness or of revolution); at the level of general theory it is not possible to make predictions concerning concrete historical developments. One can simply state the conditions for and implications of such changes occurring. To conclude the paper some brief consideration will be given to some *possible* developments of this kind.

The Capitalist Future; Some Brief Speculations

The liberal state exists outside civil society, acting on the latter by means of interventions and receiving inputs and reactions from the latter through representations. The recent enlargement of the role of the state has rendered its relations with civil society more close and complex than was ever provided for by these mechanisms, and many of the symptoms of 'overloaded government' reflect the strains under which they are placed. In particular, the fiscal system undertakes a vast burden of frequently contradictory tasks which hardly anybody can understand, provoking considerable popular resentment; and the network of relations between governments and interest groups becomes enormous, close and complex, overshadowing parliamentary institutions and reviving fears of the corporate state. The political right views all this as the consequence of socialism, a nightmare combination of Stalin and Mussolini. The left sees it as a symptom of the crisis of capitalism, the final removal of the liberal mask as it is forced to call on an increasingly repressive state apparatus – again reminiscences of Mussolini. This leaves what one has to call the centre, the established representatives of major interests and political office, in the curious position of maintaining a system virtually dubbed fascist by the 'extremes' on both sides. Clearly, not only is terminology confused but the actual direction being taken by events is unclear and probably varying over time. In suggesting that the situation provides some possibilities for an overall increase in the power of labour within capitalist society I am in no way attempting to predict the more likely outcome of this state of flux, but simply indicating what might occur given certain conditions, in illustration of arguments developed in earlier parts of this paper. More generally, I would certainly agree with Jessop (1978) that the period when capitalism was closely associated with liberal democracy has now closed, and that corporatist arrangements now seem most suited to its interests. The question remains, how

successful can capital be in retaining control of corporatism?

The argument in outline is as follows. In liberal democracies working-class power has been kept at a largely passive level. Civil liberties, the right to organise and universal suffrage enable labour to disrupt but not to produce alternatives. So long as the disruption can be contained this suits dominant interests very well – though not as well as in a society where such concessions were unnecessary. The limitation of trade unions to oppositional bargaining might have its price in strikes and 'excessive' wage increases, but these do not challenge the essential control of industry. Financing the welfare state (and, of course, other items of public spending) through constant budget deficits might lead to inflation, but the state is thereby able to continue operating with traditional, only mildly interventionist, fiscal instruments.[17] But with the deteriorating international economic situation of recent years these costs have become increasingly burdensome. Some of course quite logically look for a solution in a roll-back of the degree of working-class power which has been gained and in at least several countries this may be what happens. However, if this proves impossible or unacceptable, there may well be moves in an opposite direction; indeed, the past few years have seen various examples. This means working-class interests gaining a far more direct role in decision-making, the concession of power being exchanged for the greater restraint in pressing demands that can be expected from interests that have a full share in making decisions.

A suitable slogan for this development would be 'no moderation without participation'. Of course, how radical this would prove to be would depend on the structure of the working-class movement and of the society concerned. For example, the West German labour movement seems to have been prepared for many years to offer considerable moderation in exchange for not very radical levels of participation; while the participation being demanded by Swedish unions, as described in this volume by Martin, is potentially very radical indeed.

Some of the ways in which the demand for participation as the price of future stability emerges can now be examined in more detail. Since the (largely half-hearted) responses of modern governments to labour's challenge primarily take the form of an albeit heavily bargained corporatsim, it is in that direction that we must first turn in order to examine possibilities.

A central problem of corporatist organisation is the arbitrariness and partiality of its representation and the unresponsiveness to popular control of its elites. In this it is often contrasted with the ostensibly fair

and universal system of representation embodied in parliament: every adult has a vote, each vote is counted on the same system, and the elected members work publicly through a known process of decision-making (Moran, 1977). Of course, parliament's superiority of representativeness is largely formal. Not only does it falsely assume that the electoral process alone determines the personnel who decide public policy, but its claims that each vote counts equally, that members are in some ways held to account as individuals for their behaviour at the next election, and that the decisions of parliamentary government are open are all invalid. Nevertheless, the system has deep legitimacy as one providing genuine representation. It thus serves as a model against which quasi-corporatist forms will be judged. There may therefore be pressure for an increased participation by members of organisations involved in corporate arrangements in the policy-making activity of those organisations, together with attempts at the extension of organisation and participation to those outside the prevailing system of institutions. This becomes even more important as an increasing number of social processes are determined by organisations rather than by individual market exchanges. In Hirschman's (1970) terms, if the chances of 'exit' decline, it is important that opportunities for 'voice' increase. But 'voice', active participation, is notoriously far more difficult to activate than 'exit' – it requires more effort while the outcome is less sure. A society in which organised interests play an important role is therefore one in which a far stronger degree of mobilisation is necessary than is usual in capitalist societies in peacetime.

This kind of development can be highly ambiguous. Part of the initial ambiguity of capitalist liberalism is that it offers freedom from molestation by politics in exchange for isolation and atomisation. A move towards a more participative society reverses this process; does this mean the regimented mobilisation of a totalitarian society, or does it mean the cohesive, articulated autonomy associated with community? Partly this depends, once again, on the extent of polyarchy and the strength of its institutions within an individual society; partly it depends on the extent to which viable authentic communities (usually, that is, residential, occupational and professional) form the units at the base of the organisations. It also depends on how 'real' is the participation being offered; if it is just a token, a means of securing loyalty through manipulative involvements, then participation again appears in its associations with totalitarianism. If on the other hand it marks a genuine admission to power, to a share in the disposition of resources, it strengthens true pluralism.

At many points throughout the advanced capitalist world initiatives of this kind have acquired political significance over the past decade: within industry, local government, educational institutions and parts of the welfare state. How significant they will prove to be it is not yet safe to predict; and whether developments in any particular case tend towards a totalitarian or polyarchic form will depend on various configurations of historical legacy, conjunctural power patterns and opportunities. However, it can be asserted that, *to the extent that* these changes do lead to a genuine increase in decision-sharing they will constitute an increase in the responsiveness of the state to working-class interests.

A different problem of quasi-corporatist organisation concerns the policy exchanges which the representatives of labour are able to secure as the price of their co-operation in the maintenance of order. The question is a large and difficult one, and attention here will be focused on one small aspect: the demand by unions for a share in industrial investment policy. The issue has been raised in several countries. Esping-Andersen *et al.*, in the paper already discussed, use it as an example of 'unreproductive-commodified-production' politics, relating it specifically to the case of Sweden, where the issue has been raised most convincingly. In so doing they lean heavily on the work of Martin (1975, 1977), whose paper in the present collection extends his analysis of the same question, relating it to the development of Keynesian policy. Investment control is clearly a crucial process in affecting the balance of class relations. As has been argued by Lindblom and discussed above, it is the state's dependence on capital's assessments of its own needs for future growth which constitutes the main basis of the overriding predominance of capitalist interests. Erosion of capital's sovereignty over investment would change this considerably; though it remains to be seen whether this can be done without an unacceptably large drop in economic efficiency.

An explicit use of Swedish experience to argue for a more flexible approach within Marxism to questions of the state and the nature of social change has been made by the Swedish sociologist Himmelstrand (1977). Adopting an approach explicitly sympathetic to that of Esping-Andersen *et al.* he concentrates on the essentially Marxist idea of the industrial forces of production becoming increasingly societal while its ownership and decision-making remain private. This is in fact rather similar to Lindblom's identification of business as a public area over which control is privately exercised. Rejecting the approaches of 'instrumentalist' and 'structuralist' Marxists as having nothing to offer in

terms of a transition to socialism apart from ill-conceived attempts at maximising crisis, he defines socialism in terms of attempts at solving capitalism's problem with the societisation of productive forces. The way in which this occurs is seen as varying from society to society, and he goes on to give an account of Swedish developments essentially similar to that of Martin.

Finally, it is possible to find aspects of the fiscal crisis which lead to similar conclusions on the issue of participation to those discussed above. It is part of the compromised (or stalemated) position of the state in contemporary capitalism that it assumes a whole series of humanitarian, even compassionate, responsibilities but does so within an impersonal bureaucratic framework. Its impersonality and remoteness are enshrined in Keynesian policy; public expenditures crucial to welfare policy are provided almost as a by-product of general demand management. Recent developments in public expenditure budget forecasting may have reduced this latter factor, but they have not affected the remoteness. The population at large encounters the services either as occasional passive recipients or as continuous but equally passive contributors through taxation; it would be leaning too heavily on the fictions of parliamentary government to claim that everyone shares in actual decision-making by electing governments and local councils which in principle determine policy. Thus the state bureaucracy, by monopolising the role of provider of services, acquires a constantly increasing burden as the only organisation able to respond to needs, while the same monopolisation and remoteness lead to growing public resentment at the cost which has to be borne and at the isolation people feel from services.

As Himmelstrand remarks, it is, ironically, liberalism which creates vast state intervention, because the state is the only institution available within liberal society for expressing public purpose. Or, as Daniel Bell (1976) expresses the point from a quite different intellectual tradition, we all make increasing claims to social rights which cannot be provided through the market and which are therefore addressed to the state, but we lack any agreed rules, moral or otherwise, for determining the appropriate scope and priorities of the state (or, in his terms, public household):

> Today – and this is the distinctive change in the idea of rights, particularly the right to happiness – the satisfaction of private wants and the redress of perceived inequities are not pursued individually through the market, but politically by the group, through the public

> household. Liberalism had justified the individual pursuit, free of the *polis*. Classical political theory, and its modern reformulation by Rousseau, sought to justify the primacy of the *polis*. The modern appetite wants to enhance some individuals at the expense of others, and to aggrandize all, through the public household. But the difficulty is that the public household in the twentieth century is not a community but an arena, in which there are no normative rules (other than bargaining) to define the common good and indicate conflicting claims on the basis of rights. The question again is: what can be the political philosophy of the public household? (p. 256).

Some advocates of the 'overloaded government' thesis advocate a simple roll-back of the state's activities as a solution to this problem. Bell, recognising that these activities are not so artificial and superfluous that they can be turned off like a forgotten tap, is more constructive. Rejecting the unthinking preference for the private over the public which economic liberalism requires, yet treasuring the political liberty which that same doctrine brought in its train, he asserts:

> We can reject the pursuit of bourgeois wants, as lacking a moral foundation for society, and insist on the necessity for public goods. Yet we need political liberalism to assure the individual of protection from coercive powers. . .And the arbiter of both cannot be the market – which has to be seen as a mechanism, not a principle of justice – but instead must be the public household. (p.277)

He continues:

> The idea of the public household is, then, an effort, in the realm of the polity, to find a social cement for the society.
>
> The centrality of the public household does not necessarily mean the expansion of the governmental economy or the administrative sector. It is, to go back to Aristotle, 'a concern more with the good condition of human beings than with the good condition of property.' (p.278)

Bell does not really provide a satisfactory solution to the problem, but his is a theme which has been echoed by other writers under the rubric of 'fraternity' (Halsey, 1978; Crick, 1978). Surprisingly, perhaps, Bell is scathing of the role of participative democracy in tackling the question, while other authors, particularly Halsey, see a crucial link between fraternity, participation and community.

What these writers are describing is an attempt at finding a third system of social regulation other than those of politics and market. This is regulation by normative ties. As a model of an entire society this is hopelessly idealistic, because the mechanism whereby norms become sufficiently strongly binding to render other kinds of constraint unnecessary can never be satisfactorily demonstrated; examples of such models include some of the nineteenth-century Catholic conceptions of corporatism and such utopian sketches as we have of social order under post-revolutionary society. On the other hand, normative regulation is not entirely absent from everyday society: it is particularly important within families, closely knit work groups and residential communities. Writers like Bell and Halsey have in mind the possibility of extending this kind of regulation to somewhat broader spheres – as the names 'public houshold' and 'fraternity' imply. Working from the original base in family and community it can be predicted that such a pattern could only be successful if it were rooted in strong interpersonal ties and in the absence of major conflicts of interests. It is not impossible that we shall see the devolution of areas of the welfare state to community-based organisations in this way, indeed in minor ways the process has started (Pahl, 1976). Governments have an interest in doing this because they want to avoid bearing the total burden, would like to tap sources of voluntary action if only to save money, and need to reduce the size of their own bureaucracy. The results of the development will be varied: at one extreme tokens of participation will quieten discontent and at least temporarily restabilise the system at little cost; but in other cases participation may result in demands for constantly increasing powers, a reduction in the alienation from the welfare state, and a consequent pressure for improved and extended services. This would mark an increase in democratisation and a greater responsiveness of the welfare state to popular demands.

These are all changes which can be seen as possibly emerging within capitalist society and which might result in shifts in the configuration of class interests. It will be argued by Marxists that in fact radical changes of this kind will not be possible, because capital will resist challenges to its domination, resulting in either suppression of the initiative or struggle culminating in revolution. For example, Offe (1975a:p. 140), while arguing on not dissimilar lines that the absence of participation is one source of current state crises, regards widespread participation as an impossible option for a capitalist society. In many cases this may well turn out to be true. The difference between the position adopted in this paper and most established Marxist theories is not an attempt to argue that peace-

ful social change is always possible. Rather, the differences are the following.

By looking for developments which are likely to take place within a capitalist society one will at least be able to indicate the points of tension over which conflict will arise. This is not a point which in itself causes difficulty to Marxists; indeed, for Marx himself it was an essential part of the dialectical process. The trouble is that in practice functionalist and instrumentalist Marxist theories have difficulty in finding 'space' within their highly articulated model of society in which institutions serving working-class interests can even get off the ground. This explains why, as Harloe notes with reference to the work on urban movements of Castells, the only groups regarded as having any potential for social change are the highly oppositional *groupuscules* working on the fringe of society even though, as research carried out by a group associated with Castells himself has shown (Cherky *et al.*, 1978) these are just one end of a range of groups engaged in similar activities, some of which, *within certain political systems,* have achieved a level of real institutionalised power. The trouble with marginal groups is that they rarely achieve sufficient internal stability to last more than a transitory period; they establish virtually no popular base; they develop few vested interests which will give a range of people a commitment to defending them. They are therefore poorly equipped to wage any real conflict; if they become taken up in a revolutionary movement they are unlikely to develop any independent power base within it, resulting in the familiar phenomenon whereby such groups are easily crushed by the revolutionary elite which eventually manages to seize control of the state. In contrast, groups which do secure a real footing within a capitalist society are thereby able to acquire characteristics of permanency and strength which, while making them vulnerable to the familiar pattern of incorporation, also put them in a better position to undertake conflict if they have to.

It *may* well be the case that a capitalist society is unable to accommodate developments which threaten the dominance of capital. But to assert that it will be so as an iron law is to go beyond the predictive ability of social science. As was discussed earlier, Marxist theory has constantly been taken by surprise by capitalism's ability to make adjustments previously judged impossible. Judgements as to the possibility or not of a given change being accommodated must be couched in terms of specific variables likely to predispose a particular situation one way or the other. In other words there has to be a short-range level of theory for which the more rigid functional theories cannot provide.

Notes

1. Important examples, from which the following discussion draws, are: Rose and Peters, 1977; Brittan, 1975 and 1978; Huntingdon, 1974; Buchanan and Wagner, 1977; and, to a lesser extent, Bell, 1976 and Lowi, 1975.

2. Writing before the era of economic growth which followed World War II, but in the light of earlier smaller episodes, Laski (1973: ch.2), noting that capitalist democracy 'seeks a reconciliation between the concentration of economic control in a relatively small number of persons and the widest diffusion of power', suggested that this would be impossible unless the economic system was expanding. Speaking specifically of fascism and nazism, but in terms which are apposite to current calls for a roll-back of democracy from such people as Brittan or Buchanan and Wagner, he suggested that in the event of contradiction 'the assumptions of capitalism then contradict the implications of democracy. If the phase of contraction is prolonged, it becomes necessary either to abrogate the democratic process or to change the economic assumptions upon which the society rests'.

3. For a good survey of the field see Winkler, H.A. 1974.

4. Two works standing outside the immediate past period are Beer, 1965, and Shonfield, 1965. More recent analyses include Crouch, 1977 and 1978; Grant, 1977; Schmitter, 1974 and 1977; T. Smith, 1976; Nedelman and Meier, 1977; Panitch, 1977; Lehmbruch, 1977; Anderson, C.W. 1977; Harris, 1972; Winkler, J.T. 1976; and Pahl and Winkler, 1974.

5. So also, only less explicitly, are Grant, 1977, and Shonfield, 1965.

6. Hilferding's theses are scattered in a variety of articles and speeches. H.A. Winkler, 1974, and Kocka, 1974, have reconstructed the core of this argument. His own main work was *Finanzkapital,* 1927, 4th edn.

7. In this discussion, and the rest of this paper, I refer to capital and labour as abstractions in the Ricardian sense. Some attention is given to divisions within capital, but the vast problem of divisions within labour has had to be neglected because it is not the main focus of this paper.

8. This is not to deny the enormous value of the arguments: that capital needs the state to co-ordinate it because, as an inherently fragmented, competitive system, it cannot provide its own co-ordination; and that any particular element of capital may find itself opposed to the measures the state takes in the interests of the overall system. But the liberal democratic institutions thereby constructed do provide the constant risk that forces outside capital will make use of them. It is after all no coincidence that it has been in liberal democratic capitalist societies *alone* that free trade unions, free elections based on universal adult suffrage and widespread civil liberties have developed. At the very least, capitalist interests can never be *sure* that the state will not be captured by labour; hence the extravagant measures they take to leave no areas of the polity uncovered by their own organised activities. Perhaps they would feel more confident of the strength of their position if they followed the Marxist literature on the capitalist state?

9. This is of course not the only purpose of his book, the sub-title of which is *The World's Political-Economic Systems,* and which is in no way confined to liberal democracy.

10. Lindblom (p.133) adopts the list of characteristics of polyarchy given by Dahl (1971), which includes: freedom to join and form organisations, freedom of expression, right to vote, eligibility for public office, right of political leaders to compete for support and for votes, alternative sources of information, free and fair elections which decide who is to hold top authority, and institutions for making government policies dependent on votes and other expressions of preference.

11. To reduce all social relations to class relations, as Poulantzas does, solves some problems of neatness in theory-building, but at a heavy cost. For example, to define power in terms of class relations alone is not unreasonable given the confused state of the usage of power in political science, but it leaves a vast residual category of actions which are normally thought of as constituting acts of power and which would need to be re-labelled, theoretised and related to class power.

12. That is, those of the behaviourists (who tend in practice though not by logical necessity to be 'pluralists'), e.g. Dahl, 1961 and Polsby, 1963, and those who look for evidence of power in forms other than overt political action (Bachrach and Baretz, 1970, Lukes, 1974). While the latter do not usually call themselves structuralists – Lukes, using Poulantzas as his model of a structuralist approach, is distinctly coy about being associated with them (p. 55) – the only way to account for a form of power which does not have to deploy itself in action is in terms of a theory of structural location which confers inbuilt advantages; the interest's goals are secured, not because of exceptional political activity on its part, but because the system operates in such a way that it automatically benefits.

13. As an example of the latter point, one reason for the greater success within polyarchy of the Swedish working class compared with many others was the unique opportunity enjoyed by the Swedish Social Democrats in the 1930s to form an alliance with normally conservative agrarian interests (see Martin in the present volume, p. 98).

14. This of course means relinquishing the usual agnosticism about the possibility of there being general interests, especially in a class society. *Pace* the recent disillusion with certain forms of economic growth, I believe it can be argued that most cases of expansion in the productive capacity of a society serve a general interest, provided conditions of Pareto optimality are met.

15. That is, within liberal democracy. In authoritarian societies, where there is no polyarchy, elites are recruited from the structurally dominant classes in an unproblematic way.

16. For a useful survey of the different capacities of these three approaches, see Alford, 1975.

17. Sweden constitutes a significant exception, as Martin's essay here shows. Because of the trust the unions felt in the policies of the Social Democratic Party, based largely on close consultation and participation in decision-making, Sweden was for a long time able to pursue both Keynesianism *and* balanced budgets. The government was prepared to intervene in the economy in a more detailed way than through general fiscal policy, and the unions were sufficiently confident in the security of full employment that they developed and supported the active manpower policy. All this made it less necessary to rely on deficit financing.