

DEPARTMENT OF ECONOMICS

Working Paper

State Debate Post

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Introduction

We live in turbulent times. The long decade following the 2007 crisis has been marked by a series of movements. They can be roughly summarized as follows: The Arab Spring, Occupy, and the UK student movement arose in the immediate aftermath of 2007 in opposition to the government bailouts, austerity and persistent economic misery. So did the Tea Party, the Five Star Movement, UKIP, Austria etc. Whilst the former tried to address their grievances outside of representative government, the latter experienced increasing electoral success culminating in the election of figures such as Trump Austria etc. These successes have been met by the ascent of social democratic theory, policy pronouncements, and strategizing in an array of disciplines in tandem with an increased membership in social democratic organizations and some notable electoral victories.

The Social Democratic turn

Social democracy is certainly better than Trump, Orban, Macron, and May. I would also welcome some of the proposals. However, I contend that these social democratic theories, policies and strategies, much like the other radical theories and practices of the first wave of reaction to the crisis, have not fully considered the question of the state. Whilst the former did not consider the obstacle of the state, today it seems that the state is not considered to be an obstacle.

The format of this intervention certainly prevents me from demonstrating this at length. So let me indicate how a few notable theories, public policies proposals, and strategies share a 'traditional theoretical' and 'constructive criticism' of capitalist political economy that assumes the state is a neutral instrument. Accordingly, the social problems we face today are attributed to the misrule and misuse of the state, which can be rectified by the electoral strategies and policies developed by social democratic theory.

We can see these assumptions reflected in a shared narrative that informs these prevalent approaches.

Our current malaise is characterized as follows: rampant inequality and looming ecological catastrophe. These social problems were created by neoliberal political economy. Neoliberal political economy is based on neoclassical economics and was implemented in the late 1970s and early 1980s by the elite-driven anti-democratic withdraw of the state from the regulation of the market via policies of rampant privatization and deregulation. This led to 40 years of maldistribution, inequality, and runaway ecologically-damaging production. However, this approach to political economy has now lost its legitimacy. Right-wing populism and democratic socialism are vying to fill the vacuum. Right wing populism is deceitful and only offers solutions that will help some of the white working class citizens who are suffering at the expense of other non-white non-citizen workers. Social democracy can remedy these problems

through the democratic socialist state management of the economy, which will represent the will of the people or workers; regulating industries, and introducing redistributive policies, whilst also developing green technology that allows production to continue, or even ramp up. This will restore citizens and workers livelihoods and act as a lever for further reforms, pushing society in the direction of a social democratic political economy. (In some cases, the social democratic management of the state must also be supplemented by the organizational creation of worker's power outside of the state. I leave this issue aside to take up at another point)

There are certainly important differences and points of emphasis within this narrative. I also cannot deny that many of these reforms would alleviate suffering. They are certainly preferable to the right-wing alternative. Yet they cannot realize some of the hyperbolic goals put forward, nor are some of these goals desirable. Finally, I also think that the lack of a conception of the capitalist state in these approaches has led to misdiagnoses of the problems and the solution to our current miseries.

I contend that the Marxian critical theory of the state sheds light on why this is the case. Those who champion the social democratic approach often criticize this theory for its pessimism, quietism, and lack of policy prescriptions. I contend that it is nevertheless something that should at least be considered, if not the starting point of contemporary emancipatory theories.

In what follows, I distinguish between the traditional theoretical approach to the state and the Marxian critical theory of the state. I then provide an overview of the Marxian critical theory of the state before applying this perspective to a critique Keynesianism, Neoliberalism and the crisis of neoliberalism. What follows thus substantiates a markedly different conception of capitalism, the state, and emancipation than the one that infuses the current zeitgeist. I have provided this intervention not to assert that I have the right theory, policies, and strategies and others have the wrong ones, but to open up an important comradely debate on these issues in good faith.

The Marxian Critical Theory of the State

Marxian critical theory distinguishes itself from what it terms traditional theory and constructive criticism. As implied above, the traditional theory of the state can be defined as a theory that criticizes the governance and policies of the state's management of the economy from the standpoint of the people or the working class and their norms of democracy, equality, and freedom. Constructive criticism, in turn, indicates how these norms can be implemented through state policies -- chiefly ones of redistribution and regulation -- in ways that will increasingly realize these ideals as popular rule or worker's power increasingly becomes the basis of governance. Traditional theory thus conceives of the state as a neutral instrument that is being wielded on the basis of unequal and unfree norms by anti-democratic elites, which can be wielded by the people or workers on the basis of the norms of equality and freedom, thus issuing in a truly free, equal and democratic society. The Social democratic narrative I outlined above is thus a traditional theory; its policies prescription and

strategy are constructive criticisms. However, traditional theory and constructive criticism pass over the social organization of production and the form of the state in silence.

Critical theory, in contrast, conceives of the capitalist state not as a neutral instrument, but as a form-determined instrument within the world market, which by virtue of its separation from the capitalist economy is integral to the crisis-ridden process of capital accumulation. From this perspective, constructive criticisms 'positive proposals' seek 'to consolidate and improve existing conditions.' The 'destructive critique' of critical theory, in contrast, aims at "demolishing existing conditions and the demise of power." Thus rather than arguing for one approach to the relation between the state and the economy over another and policies and strategies on the basis of the right or wrong norms to realize these approaches, the critical theory of the state is a critique of political economy from the perspective of the negation of these institutions and the creation of a society of human purposes.

I will outline this critical theory by bringing together the work of Johannes Agnoli, Simon Clarke and Werner Bonefeld. Each of these figures critiques of the state were developed in the context of issues that are mirrored in today's conjuncture. Taken together, on a theoretical level, they offer a critique of how the antagonistic social relations of the historically specific capitalist social form constitute the capitalist economy and state, money and law, and how these negative entities compel individuals within class relations to reproduce capitalist society. On a historical level, they offer an account of how the 'Keynesian' and 'Neoliberal' state have managed the crisis-ridden process of accumulation and reproduction through the persistence of domination, antagonism, and misery in ways that have only temporarily counteracted general crises but foreclosed autonomy and human flourishing.

Theoretical Critique

This theoretical perspective I am outlining can be demonstrated by drawing on the theoretical approach Clarke points to that oriented the CSE State Debate, which can likewise be applied to distinguish between the approach that I am outlining and my above characterization of the traditional or social democratic theory of the state. "The theoretical conclusion of the CSE contribution was that we have to look behind the institutional separation of economics, law and politics to see money, law and the state as complementary economic, legal and political forms of the power of capital." The "underlying unity of these differentiated, and complementary, forms of capitalist power was explained by Marx's theory of value, the three aspects being united in capitalist property, money representing the most abstract form of capital, whose power is institutionalized in the law and enforced by the state" In other words, this approach draws on an interpretation of Marx's theory of value that critiques capitalist political economy as a negative totality. This negative totality is constituted by the historically specific antagonistic organization of the capitalist social form and perpetuated by the crisis-ridden process of capital accumulation and social reproduction which is played out in the dynamic interplay of the economy and state in which the actions of individuals

within the capital relation are expressed and mediated by the supraindividual negative entities of property, money and law.

Werner Bonefeld's account of primitive accumulation can be drawn on to provide an account of the constitution of capitalist political economy as a negative totality: that of unity in separation. For Bonefeld, the separation of workers from the means of production and the accumulation of private property by capitalists is mirrored in the constitution of the separate yet related spheres of the capitalist economy and the capitalist state.

In the capitalist economy, production is organized in privately run firms by owners of the means of production (land, machines, raw materials) to be sold on the market with the aim of generating profit. Production is performed by a class of individuals who do not own any means of production and are compelled to sell their ability to produce on the labor market in exchange for a wage. Both the products of production and the ability to produce are sold on the market. The exclusive means by which the commodities are exchanged -- money -- subsequently possesses a social power over individuals on either side of this class relationship. More importantly, since profit is achieved by making more money than the costs of wages and materials by successfully selling commodities on the market, but is generated by the difference between worker's output and the cost of their wages (surplus value), the dynamic of capitalist accumulation is a dominating, antagonistic, and crisis-ridden process. This is because the group of individuals who own private property (capitalists) organize production and hire the group of individuals who have nothing to sell but their ability to perform labor (workers) with the sole intent of generating profit. Yet the capitalist class does not possess a common consciousness that collectively conspires against workers. Rather they are compelling to generate profit and thus compete against each other to sell more commodities on the market and generate more surplus value via organizing production so that workers become fragments of machines. Consequently, to be a worker is not a stroke of luck, nor the standpoint of the critique of capitalist production, but a great misfortune. Whilst capitalists themselves are merely capital personified.

As Simon Clarke elaborates, this process of accumulation and reproduction thus dominates capitalists and workers, drives their antagonism, and is crisis-ridden. Capitalist production develops the "productive forces without limit" yet the ability to sell products is ultimately dependent on the market. Individual capitalists try to maximize their profits by opening up "new markets by commercial expansion and by displacing backward forms of production." They likewise try "to reduce costs by lengthening the working day, forcing down wages, intensifying labour and, above all, by transforming methods of production." This dynamic underlay the tendency for 'capital, from its earliest stages, to develop the world market and to generalize capitalist social relations of production on global scale.' This led to the development of state and world money. It is realized in the tendency to the global overaccumulation and uneven development of capital, as the development of social production confronts the limits of its capitalist form as production for profit' on the world market. Crucially, in Clarke's interpretation, this tendency to overaccumulation 'appears in its most dramatic form' in the eruption of a

'general crisis of overproduction', but it is also 'the everyday reality of accumulation as the pressure of competition leads to an intensification of class struggle, the devaluation of backwards capital, the destruction of production capacity and the deskilling of labour.'

This dominating, antagonistic and crisis-ridden dynamic is 'mediated by the form of the state' which is separate from yet interrelated to the economy by virtue of its separation. Crucially the state is not a neutral instrument to be ruled in one way or another by progressive or conservative capitalists, social democrats or even communists who implement their respective economic agendas. Instead the capitalist state secures the reproduction of capitalist society by sustaining the accumulation of capital, which the state itself is reliant upon. In Bonefeld's pithy phrase, Marxian critical theory thus conceives of the state, not as an institution that is 'accountable to capital', but as 'the political form of the capitalist social relations' (p. 160). As such, the 'cohesion, organization, integration and reproduction' of the capitalist economy 'are matters of state' (p. 182). This is because, "crudely put, the purpose of capital is to accumulate extracted surplus value, and the state is the political form of that purpose." Contra the traditional theory of the state, The capitalist state's purpose is then achieved "not by overriding the rule of the market, but by enforcing the rule of the money and the law, which are the alienated forms through which the rule of the market is imposed not only on the working class, but also on all particular capitals." Consequently, the very institutions that are meant to represent or implement the will of the people or the working class -- the constitution, representative democracy, the judiciary and the Central Bank' -- are the means by which the capitalist state secures the reproduction of the capitalist economy by 'enforcing the rule of money and the law, which are at the same time its own presupposition.'

Johannes Agnoli thus argues that a democratic constitution "guarantees the predominance of the capitalist mode of production and, at the same time, satisfies the demand for mass political participation by the population." By simultaneously protecting private property, contract and civil rights, class relations are decomposed and replaced by democratic relations of equal individual citizens. This process of 'statification' is presupposed in the separation of the economic and political spheres which is codified in the constitution. Consequently, class antagonism and anti-capitalist politics are displaced into the political sphere where different parties compete for the votes of citizens who they ostensibly represent. The policies these parties support are themselves already limited by the constitution which guarantees that 'all opportunities, beyond the democratic virtue of 'voting', of active meddling in politics are excluded from the 'liberal democratic' principles of government.' But Agnoli likewise argues that even progressive reformist movements are absorbed by the state. The active participation of citizenry is transformed into an electoral platform extolled by a single representative. Policies are transformed "into bureaucratic apparatuses of integration." As a consequence, 'Each parliamentary reform that is realized within states ... serves not to expand the possibility for the masses to take part in decision-making processes, but rather to contain that possibility by intensifying parliament's function of domination.'

On this basis, from this critical theoretical perspective, the ends of the state are likewise achieved through the means of state policies -- especially fiscal, monetary, public and social policy-- which are enacted through the medium of law and realize the state's purpose of the perpetuation of accumulation and reproduction. Policies and laws are thus likewise inherent to the purpose of the capitalist state: no matter how they redistribute the proceeds of capitalist accumulation, or regulate industries, they ultimately protect private property, the capital relation, the market and thus accumulation, contributing to the reproduction of capitalist society.

In sum, as Bonefeld puts it, the capitalist state thus "facilitates the order of economic freedom by means of the force of law-making violence"; sustains the capitalist relations of production and exchange by depoliticizing "socio-economic relations"; guarantees "contractual relations of social interaction"; seeks the further progress of the system of free labor by facilitating the "cheapness of provision"; and extends these relations by "securing free and equal market relations." The "strong state" thus utilizes the form-determined capacities of "law making violence" in an instrumental manner, to organize, integrate, sustain, and extend the antagonistic social relation at the heart of the peculiar dynamic of accumulation for the purpose of accumulating surplus value. In so doing it perpetuates the separated unity of the negative totality of capitalist society. Indeed the capitalist state is inseparable from these tasks.

Yet the inherently antagonistic and crisis-ridden dynamic of accumulation can only be ameliorated but never entirely overcome by the capitalist state. General crises of overaccumulation are typically staved off or lessened by state fiscal, monetary, public and social policies, which also help set seeds for the recovery. Yet periodically larger general crises lead to crises and transformations of how states have approached fiscal, monetary, public and social policies. This leads to new attempts to manage accumulation and reproduction on the basis of new policies and the "development of new social institutions that can respond to the material aspirations of the working class while reinforcing the social reproduction of the working class in its subordination to the money power of capital and the constitutional authority of the state." To see how recent history is analyzed from this perspective, let us now turn to its account of Keynesian and neoliberalism.

Economic History: Keynesianism and Neoliberalism

According to Marxian critical theory, the Keynesian golden age arose from the historical developments that preceded it. The general world crisis of overaccumulation that led to the Great Depression, the rise of the USSR, Fascism, and the abatement of class struggle in the west by the New Deal, followed by the military Keynesianism of World War II were hardly ideal. Yet they were necessary preconditions for the Keynesianism compromise that followed: amounting to the state management not only of the economy, but of social reproduction via the integration of the working class into the state bureaucracy. This led to unprecedented higher standards of living for some, not others. But it was achieved by the persistence of domination and exploitation, the loss of autonomy to bureaucracy, and the stultifying 40 hour work week.

Moreover, the very means by which Keynesianism attempted to manage the crisis-ridden dynamic of accumulation and reproduction led to its own crisis. As Clarke shows, “Keynesianism expressed the belief that the contradictory form of the liberal state could be overcome.” Economists, Politicians and theorists held that a “generalized rise in wages and public expenditure would both maintain the dynamism of the boom and integrate the working class into advanced capitalism.” Yet, as in any other period in capitalism, “Keynesianism provided no means of securing the sustained accumulation of capital by overcoming the tendency to the overaccumulation and uneven development of capital.” In fact, Keynesian policies “accentuated” these “crisis tendencies.” Full employment and rising wages soon led to overaccumulation and a falling rate of profit. Consequently, “the institutions of the Keynesian welfare state appeared as a barrier to capital.” They were ‘progressively eroded from within as pressure on profitability forced capitalists to resist wage claims and the state to hold down public expenditure.’ This led to divisions within the working class between rank and file and union leaders with rising government expenditure, rising unemployment and inflation. Coupled with the emergence of transnational corporations, finance and the rise of post-fordism, this led to the crisis of Keynesianism in the late 1960s and early 70s and the rise of monetarism in the mid to late 1970s. Yet it is overlooked that governments initially tried to use Keynesian measures to redress these imbalances. They only made things worse. In addition, monetarist measures were often first implemented by social democratic parties. Crucially, these policies were implemented only after the Keynesian compromise had been eroded, economically, politically, and fiscally.

Neoliberalism was thus not implemented by the withdraw of the state and the disembedding of the economy by conservative governments at the behest of the free market fundamentalism of neoclassical economics. Rather the capitalist state was active in implementing the neoliberal measures and these neoliberal measures consisted in enforcing the rule of money and law through state monetary, fiscal and social policies, but by other means than ‘keynesianism.’ The neoliberal “rule of money, despite the monetarist rhetoric” did “not involve a withdrawal of the state in favour of the rule of the market” Nor did it lead to “the dismantling of the systems of industrial relations and social administration, nor, in the metropolitan centres, the abolition of electoral representation.” Rather, the globalization of the capitalist world market, led to the neoliberal imposition of the rule of money on domestic economies and states by banks and financial institutions and the rise of transnational corporations. This was mirrored in the provision of public services on the bases of financial rationality rather than need, the transformation of industrial relations into human resources management and “the development of payment systems that tie[d] pay at all levels directly to financial results” coupled by the imposition of the neoliberal rule of law by “market police.” The result, then, was not the withering away of the state, but the growth a punitive bureaucracy in tandem with social policy premised on personal responsibility and entrepreneurship. State budgets went to the militarization of the police and the construction of prisons. Social policies refashioned safety nets by stressing individual entrepreneurship and responsibility, reinforcing the market and depoliticizing the class

relation “by means of a ‘market-conforming’ social policy,” which facilitated “freedom and responsibility” in a way that transformed “recalcitrant workers into willing entrepreneurs of their own labour power.”

Yet ‘neoliberal’ political economy could not overcome the crisis-ridden tendencies of accumulation. The last several decades have been marked by cycles of boom and busts premised on increasing inequality and debt that led to further state intervention (using Keynesian policies) and the further imposition of the rule of money and law. 2007 did not mark a break these tendencies, but only magnified them. Bailouts set the seed for an official recovery, yet austerity measures led to pronounced misery and a decade of weak and uneven recovery. Indeed, on this basis, the point might be made that the past decade is the closest we have come to the prevalent conception of neoliberalism at the same time as it is said to be in crisis.

Marxian Critical Theory does not then see Keynesianism and neoliberalism as antithetical. Nor even as distinct approaches to political economy. Instead both are seen as ways in which the form-determined instruments of the state attempted to manage capitalism’s crisis-ridden dynamic of accumulation and reproduction via fiscal, monetary, and social policy, or the rule of money and the rule of law. The former may have achieved a higher standard of living for some, but it does not represent a golden age to aspire to nor was the latter an elite driven market fundamentalist policy of deregulation. Rather Keynesianism represents one failed attempt to overcome capitalism’s crisis-ridden dynamic of accumulation and reproduction leading to another. Yet in both cases domination antagonism and misery persisted.

From this perspective, the current crisis being bandied about as a crisis of capitalism, a crisis of neoliberalism, or a crisis of neoliberal legitimacy is a contest over the direction of the ways the state should attempt to management the capitalist economy. Democratic socialism and right-wing authoritarianism is thus not a contest between what will succeed capitalism, but between different ways representatives will try to implement different policies that will try to manage the crisis-ridden process of accumulation and reproduction. The former is certainly more desirable than the latter. But even, against all odds, if social democracy somehow manages to achieve electoral success, it will do so by co-opting a progressive social movement. If it likewise, against further odds, is able to drive a government’s agenda and implement successful redistributive and regulatory policies, this will also increase the scope of the state, diminish people’s autonomy, and solidarity. What’s more they not will not abolish exploitation, antagonism, or domination. Nor will be effective. Another crisis will arise.

Conclusion

The Marxian critical theory of the state thus amounts to a critical conception of capitalist political economy and recent economic history. In contrast to increasingly predominant approaches it does not conceive of the state as a neutral instrument to manage the economy on the basis of progressive, socialist, capitalist or authoritarian policies. Nor does critical theory put forward constructive criticisms as part of a movement to rule the

state towards these ends. Instead it critiques the capitalist state as inherent to capitalist political economy. Rather than a constructive socialist political economy, it provides a destructive critique of political economy. From this perspective, the state is the political form of capital and the instruments of the state are inherent to reproducing capital, perpetuating exploitation, antagonism and domination no matter who passes laws or how they regulate or distribute the proceeds of work. This approach, in turn, provides a different perspective on recent economic history and the current rise of socialism. Finally, it points to a notion of emancipation premised on the abolition of power and work and the realization of free time and human flourishing incumbent on the abolition of the capitalist social form, not the rule of the people or the working class. Yet these perspectives are not intended to cultivate pessimism but to raise questions about the limits or unintended consequences of the increasingly prevalent socialist theories of political economy, policy prescriptions, and strategy. More importantly it does so to encourage further debate about the state and project of emancipation.