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Introduction

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The title of this collection is *Democracy and the Capitalist State*. That title makes the capitalist rather than the democratic character of the state central. There is both an historical and an analytic warrant for placing the capitalist character of the state at the centre. After all, political democracy came after capitalist industrialisation, and one basic question is whether it constitutes icing on the cake or whether it has changed the composition of the cake.

What are the possible relations between economy, society and polity in a capitalist world? To what extent can a capitalist state be democratised? Where and how do democratic institutions intervene in the management and control of capitalism? What are the relations between a democratic economy, a democratic society and a democratic polity? Has democracy ever been achieved anywhere? Is the state in capitalist society necessarily a capitalist state? Even advocates of liberal democracy concede that the unequal and coercive arrangements associated with free-market organisation of production and distribution pose problems for the democratic ideal. What then do market freedoms impede? What do they achieve? How, precisely, do we evaluate the costs and benefits of capitalist forms of political and economic development? To what extent do and can reformist or collectivist interventions change the relations between economy, society and polity?

The fundamental issue underlying these questions is the interconnection(s) between economics and politics, economy and polity. How, in the different theories considered in this collection, are economy and polity, *and* the relations between them, conceived? Is politics seen as a separate realm? If interconnected, what are its actual and possible effects upon capitalism? Or does economics always and inevitably have the last word, however weak that word may be? There is no reason to think that answers to these questions should be timeless or universal. It may be the case, for example, that before the advent of industrial capitalism the state and the state bureaucracy were substantially autonomous, and that the relative power of the economy grew with the burgeoning capitalist system, which was associated with a minimal state. Again, the economy may be somewhat weaker now, following the

democratisation and growth of the state and the ageing of capitalism. The critiques of both Habermas and the free marketeers are relevant here. But even this moderate form of grand theorising, suggesting temporal changes from pre-industrial capitalism through the heyday of capitalism to something identified roughly as post-capitalism needs close scrutiny against the details of development in different societies. No neat master-theory can capture even the significant variations.

On a long perspective of capitalist development, then, it appears that we cannot assume a constant relationship between politics and markets. As that relationship changes, so does that between capitalism and democracy. As capitalism matures as a mode of production, its early political and cultural bed-mates – liberal democracy and individualism – may become less appropriate, and pressures for institutional intervention will mount. This may lead to an extension of democracy. If politics displaces markets as the major area of economic decision-making, this may mean only that parliamentary democracy – sharply limited in scope and levels of participation – is giving way to, or being supplemented by, a form of democracy with more-embracing places of participation and a wider range of issues being discussed. Capitalism is still a young economic system: as a fully liberal-democratic system it is even younger. It is not yet clear how far it can accommodate democratic pressures, or how far and in what ways it can continue to promote individualism.

In order to build a useful analytic framework for analysis of the capitalist state, including a role for social and political theory, a significant body of empirical and judgmental literature must be confronted. Assaults on the contemporary welfare state are both budgetary and ideological: its basic programmes, rights and benefits are seen as neither permanent nor legitimate. Part of the background for this collection is, then, the considerable and generally bad press, academic and popular, that modern governments or the modern state, in the sense of a complex of institutions, an institutional ensemble, or the political apparatus, receives: ideologically, if not in fact, the state appears to be in bad shape. There is a good deal of pessimism or suspicion, stemming from different perspectives, about the capacity of the governments of advanced societies to do much, or much of value, especially from those who don't bother to examine the comparative evidence. In the Introduction and in several of the essays in this volume, an attempt is made to identify key elements of the capitalist state, to discuss the range of critiques of its operations from both Right and Left, and to indicate a rigorous and even strategically useful way of reformulating these investigative and political projects. However, the circumstances in which the modern (advanced) state finds itself are paradoxical, in that they do not all point the same way, and appear capable of development in different directions, implying different strategies or actions.

This complexity underlies doubts about the possibility of constructing general theories of the state, whether the more precise stimulus is pessimism, cynicism, relativism, empiricism or anti-scientism. The world has rarely fallen in with theoretical anticipations, whether in sociology, political science or political economy. Amidst the polemical noise, we find a marked insistence on the specificity of all institutional developments in the public realm, and a commensurate hostility to attempts to unify overmuch the diverse range of state phenomena.

THE MODERN STATE

The most notable fact about the modern state is its growth. Not only the size of the state, but the range of institutions, interventions and policy spheres has expanded dramatically in the post-war era. By the 1980s public sector spending on OECD countries accounted for 45 per cent of all economic activity, ranging from 31.7 per cent (Switzerland) to 67 per cent (the Netherlands) (OECD, 1986, Table R8, p. 163). Governments have taken on more functions, through more institutions, in response to a greater array of perceived societal problems, than seemed imaginable even at the high point of interventionist fervour in the immediate post-war period. The causes and consequences of this development have yet to be appreciated theoretically. Neither neo-liberal assertions of the destructive effects of this expansion nor neo-Marxian claims about its functionally supportive role for capitalism have grasped it convincingly. From the contemporary denunciations of excessive democracy to ascriptions of the essentially anti-democratic character of state intervention, the relations between states and democracy, between state and society, and between different forms, or stages, of democracy in capitalistic society, remain underformulated. Even the object of inquiry may be uncertain. When we hear criticisms of the state, is it the welfare state, the regulatory state, the authoritarian state or the permissive state which the detractors have in mind?

The modern welfare state has, then, undoubtedly grown steadily and become increasingly complex. As indicated above, one clear trend in most developed countries during the past century has been the expansion of the weight, cost and range of the state. The growth of the public sector, penetrating society in a far-reaching way, is revealed not only in the high proportion of national income of which the state disposes, but also by the increasing proportion of public employees in the total work force, and the variety of enterprises and activities in which the state is engaged. There are general problems of measurement: of data (what is included?), of interpretation (how big is big?), and of comparison (are the bigs strictly comparable?). Against this information, the emergence of small government movements in Australia and

the United States may be greeted with amazement, given their standing in the big government league tables. Is it a result of hallucination, or of borrowing images and arguments from somewhere else? Or is it less a serious theory than a tactical ploy in relation to immediate political issues?

It is worth underlining again how much fog, rhetoric and ideology there is in argument over that grand abstraction, the modern state. There is firm evidence about such matters as changing levels of governmental expenditure and number of public employees – though 'privatisation' and rival methods of calculation create uncertainties even here. The extent of challenges to the welfare state – is it in fact declining? – remains hard to assess. Rhetoric intervenes again, as when Mrs Thatcher says that welfare services are not being reduced while also claiming that the frontiers of the state are being rolled back. The figures for the level of public expenditure or of the Public Sector Borrowing Requirement do not suggest at all a significant retreat, although the large figures need to be broken down, as they may hide a shift of resources, which pursuit of a free economy/strong state regime is sure to involve. It may also be the case, furthermore, that the figures commonly cited in polemical contexts provide inaccurate assessments of the long-term trends in public-sector expansion. Keynes, after all, advocated an expansion of public-sector involvement in the private economy during times of crisis and a retreat from this involvement in the recovery phase, when socialised investment or public-sector-generated fiscal expansionism would be less necessary. The post-Keynesian critiques of this position have concentrated not only on the need for differential interventions in the economy according to stages of the cycle, but also on the long-term politicisation of the social relations of capitalism. In so far as this has become, as in Sweden, a long-term strategy for democratisation of decision-making, it might not be the role of the state but the role of collective decision-makers (both employer associations and employee associations) which is expanded. In so far as public sector debt expands as a consequence of borrowing to finance counter-cyclical demand stimulations, no long-term or permanent structural deficit appears and what has become known as the Public Sector Borrowing Requirement disappears.

Difficulties and differences multiply when it comes to diagnosing the condition of the state and defining the route to good health. The state's bad press *may* be bad press only, as polemics often miss the point. The sources of rhetoric and polemic are not necessarily the particular political reality out there, which is the supposed object of assessment and attack. The polemicist may be fighting other battles altogether. Hence rhetorical claims that government is impotent, wasteful, unable to meet genuine needs and so on, cannot be taken at face value. The traditional liberal may reveal a general concern for both abstract and concrete (market) freedoms, but the resurgence of empirical work by sociologists, political economists and political scientists provides a

substantial literature on the actual impact of state intervention on macro-economic performance. The conclusions from these studies are sharply at odds with the normal presumptions of economic liberalism, and they throw considerable light on the extent of the state's power to influence or effect outcomes.

Any perusal of OECD countries' unemployment statistics, for example, shows no support for the argument that large state sectors are an impediment to good economic performance; there is similarly no empirical warrant for the claim that big government causes inflation. Sometimes high levels of unemployment and inflation are associated with above-average levels of public-sector activity (and taxation), sometimes not. Sometimes low levels of unemployment and inflation are achieved when government is small, sometimes not. These findings cast doubt on both the liberal's insistence that minimalist government achieves the greatest good for the greatest number and the Marxist theories which try to equate all state activity with the needs of the economy or the requirements of accumulation.

Given the diversity of economic outcomes associated with similar types and levels of state activity, it is simply not possible to maintain that state intervention necessarily aids capital or that it necessarily impedes economic performance. Further investigation of actual institutions and of the actual content of the policies attempted or implemented by the state is demanded. Given the evidence, assertions of the necessary fit between democracy and capitalist economic imperatives are weakened also. Once a full range of forms or stages of democracy – political democracy, social democracy, industrial democracy and economic democracy – is allowed, simple equations between democracy and market freedom cannot be sustained. The most extensive form of democracy, the right of collectives to influence the content of economic activity and the arrangements under which it is conducted, certainly implies a significant reduction of economic individualism. Further, the development of capitalism itself may be undermining the individualism with which it is, supposedly, tightly linked. Marx certainly imagined that eventually the bourgeois freedoms ushered in by the bourgeois revolutions of the eighteenth century would become impediments to the ability of capitalism to develop or to deliver its promises of material prosperity. Capitalism itself may foster collectivist rather than individualistic relations (Abercrombie, Hill and Turner, 1986), though that collectivism would be different in character to that espoused and valued by foes of capitalism.

Contemporary government remains enormously powerful by any reckoning. Even if it is notoriously unable to guarantee macro-economic policy outcomes such as full employment or price stability or high standards of living, its efficiency or appropriateness is certainly no less than that of private organisations in relevant areas, and its condition is probably no worse. It is

misleading to speak of the state or government alone in crisis, as if it exists in some kind of isolation: corporations, banks, unions, indeed the whole system of institutions may be in crisis, though that term needs further exploration. And, although contemporary critiques of the extensive web of government often assert the bluntness and wastefulness of government instrumentalities, their destructive effects upon human capacities, or the lack of resources and arrangements to meet adequately and effectively the proper claims made upon them, the demand for better government is compatible with demands for less, as much, or even more government. In other words, as will be argued later in this collection, extensive if more flexible government remains necessary to satisfy legitimate needs.

There are, in relation to the state as to many other things, overlaps in the critiques emanating from what we loosely call Left and Right. In the end, of course, explanations of and answers to the difficulties of the state differ significantly. For example, Hayek and Habermas may appear to have reached the same point, in recognising the incapacity of modern governments to meet the varied and extensive demands made upon them and in seeing the contemporary crisis as systemic weakness, but their routes to that destination are very different, and they move off in opposed directions. Hayek arrives via a protracted attack on the aggrandisement of politics over the past century and a half, and seeks salvation through the freeing of (spontaneous) economic forces. Habermas reaches the central problem of the state through an account of the developing expectations of democratic citizens, which cannot be met by a system suffering from a crisis of accumulation. The overwhelming need in this account is for a new binding morality – and new social institutions – which represent a reassertion of the claims of the public or the political. Both Hayek and Habermas tend to grandiose generalisation, keeping the actual world at some distance.

DEFINITION AND EVALUATION

It is clear, then, that argument over the state, as well as argument over its class character, is highly complex. It occurs at different levels, different definitions are used (what the state is and the range of phenomena it encompasses) and evaluations penetrate both definitions and (rival) theories. Rigorous definitions may facilitate discussion, but they are connected so integrally with theoretical perspectives that they generally occupy or map the ground arbitrarily. At best they constitute an early stage on the journey. Even given an agreed definition of what the state or political apparatus is, which is unlikely given conflicting traditions and their evaluative contents, the crucial question of the relationship of the state to other elements is not settled. A formal definition in terms of legal sovereignty is not much help, as it indicates only

what counts as a state in international law. Pejorative definitions, for example, that the state is a badge of lost innocence, or the executive committee of the ruling class, run into the immediate difficulty that they arise within particular and controversial traditions of political thought. Even the apparently neat definitions familiar in the British liberal and socialist traditions – that the state is the political machinery of government in a community, or that state theory is a theory of the governmental act – don't take us far. While some adopt a narrow definition of politics and of the state, which is conceived simply as the formal political apparatus, others broaden the notion to include everything that affects its functioning, or helps determine its role. The theory of the state becomes a theory of society. Not that the mind need boggle unduly at this: one could define the state narrowly while seeing it as 'socially determined' (or with its social basis remaining to be decided), or define it broadly by incorporating whatever makes it what it is, and discussion could still take place. Still, a narrow definition of the state is likely to be associated with theories giving it a reasonable amount of autonomy.

This general introductory point is both familiar and fair. Disagreement does not begin with an agreed definition and move logically from there, but arises within different and perhaps incompatible perspectives, theoretical structures and traditions of thought. The journey may begin with an apparently neutral definition, but the different routes have been mapped out carefully and often it seems simply a question of using one of the available sets of maps with the goal of marginally increasing its accuracy. Yet while substantive disagreements and their deeper sources are real and unavoidable, they can be identified with reasonable clarity.

While drawing boundaries between the political, the economic and the social is difficult, and easily becomes abstract and misleading, *some* idea of the nature of the inquiry is needed. In broad terms, what does argument over the state encompass? Theories of the state generally contain both empirical and normative elements, although these should be separated only provisionally at this stage. A sociology of the state is inevitably also a theory of society, that is, a theory of the relationship between political institutions and arrangements *and* economic and social forces and structures. Even if we begin with some segregated or very formal notion of the political, as machinery of government or the body of rules, practices and institutions which defines the area within which group conflicts occur, we will be forced back finally to the intimate connections between state and society. Hence the early-nineteenth-century assumption of the crucial importance of establishing the relationship between the economic–social and the political worlds or, more narrowly, between production and the state, needs to be taken seriously (as does the relationship between cultural values and the state). But to accept an organic connection complicates the question of causal hierarchies. Different assumptions about

the weight of economic or material factors and the possible extent of interactionism inevitably give a very different significance and character to state institutions, defining the range of features and powers a state may have, for example, whether it can be neutral, independent, free-floating or decisive, or whether it is inescapably partisan, subordinate or epiphenomenal. While general assumptions of this sort may leave some scope for interpretation or variation in detailed analysis, and even for concessions to radically different perspectives, they do set broad limits within which answers will be sought and, more often than not, found.

SOME MODERN PERSPECTIVES ON THE STATE

Theories of the state have emerged, not simply to comprehend, but to contain and, in some cases, to exacerbate current difficulties and conflicts, through demonstrating the inability of the state, as presently constituted, to deal with them. The choice of terminology is itself deeply loaded politically: whether we refer to the modern state, or to the industrial state, or to the capitalist or to the corporatist state, stems from particular world-views, of which the most relevant ones are pluralist, managerial, and Marxist or class.

The liberals and the pluralists tend to postulate a neutral and independent state, at least potentially: governments rule, and they can do so rationally. The problem is that of confining the state within its proper area. 'Consensus' and legitimate social diversities, rather than class conflict, are valued, in that the neutral and independent state serves the public interest, supported by the increasingly informed public's agreement on what that is.

Pluralist theory emphasises the differentiation and diversity of societies. Power is seen as fragmented, and competition and interaction between its possessors is valued. Group competition is seen as a viable form of democratic participation: the democratic state mediates and represents a multiplicity of cross-cutting groups. While it may not be independent in any strong sense, it can at least act as an arbiter or umpire in measuring or recording relevant strengths.

Liberal and pluralist theories have been the subject of sustained critique. Put broadly, it is suggested that the shadow of capitalism is not allowed to fall. Hence there is a systematic mismatch between theory and reality. State and economy are falsely described and weighted, or falsely separated. In pluralist theory, the capacity of groups to enter the competitive process is disguised or not closely examined, as the rules of the game or formal openness do not guarantee access to relatively weak groups. In addition, governments and political cultures may be biassed in regard to the groups which are legitimated. There are more faces to power than the typical pluralist is ever able to admit.

Recent discussions of the 'power' of the state have been marked in-

creasingly by the recognition that other, collective actors are at work too. In economic policy, for example, parliamentary institutions may be less effective than extra-parliamentary institutions and forums. This is the central issue raised by those who see a development towards corporatism. In so far as parliaments are bypassed, the new tendencies may be lamented as undemocratic. In so far as issues are opened up for public debate and decision-making (for example, questions of investment and income distribution), new institutions might expand democracy even when employers or trade unions rather than political parties provide the key personnel. The content as well as the form of decision-making must be considered. Acceptance of this argument may lead to an understanding of the state not as an actor, but as merely the terrain or the arena upon which familiar class conflicts are played out. If old conflicts appear on a new terrain, the balance of power may well shift, and theoretical understandings will need revision.

Analysts of corporatism exhibit several mutually exclusive views of the compatibility of democracy and the state. On the one hand are those theories of interest representation which see the *ad hoc*, unrepresentative bodies established under state auspices as inherently contradictory. The operations of such bodies are said to be constrained by the ability of the state to establish the agenda for political intervention and the boundaries of legitimate action, thus leading to a strengthening of bourgeois domination. Democracy is thereby negated. On the other hand, certain corporatist developments may be seen as heralding a resurgence of class politics and even as increasing representativeness. The institutional representation of the labour movement then replaces the familiar atomised competitive interest-group politics. This conception could sustain an optimistic view of the potential for an anti-capitalist strategy, challenging the hegemony of private accumulation.

The common Marxist assumption is the dependence of the state upon something else, something deeper or more significant. Political and cultural institutions and issues are *ultimately* dependent upon economic relationships. In Marx's original formulation, the modern state arose in tandem with the modern bourgeois epoch in order to facilitate new activities. This view of the emergent capitalist state has been exaggerated into a Marxist theory of the state according to which all state activity is capitalist and therefore oppressive. Even democratic gains are denounced as supportive of social peace. Yet Marx recognised the significance of some reforms, which might challenge capitalist power itself, and it is compatible with his general enterprise to see capitalist state activity as historically progressive *just because* its rationale is political, in contrast with *laissez-faire*.

All Marxist theories of the state emphasise class struggle. They differ in the extent to which classes are conceived unambiguously, and in the extent to which support for accumulation is regarded as good or bad. One significant

Marxist instrumentalist view sees the state as an arena of only capitalist interests, which may be divided between themselves. This can require a state which transcends the divisions and conflicts of capital, representing its common interest. The second major perspective is structuralist and anti-conspiratorial, and treats the primary function of the state as guaranteeing accumulation. Historical and political variants, and the expressed interests of governments and classes, are essentially irrelevant to this primary function. In relation to state-sponsored or initiated production, it is clear that the capitalist state is interested not merely in direct profitability, but in the general service of state activities to the long-range interests and survival of the capitalist mode of production. The capitalist state may have to subsidise new technology in order to keep national capital internationally competitive. In any case, the state 'representing' national capitalist interests comes to be identified – in true hegemonic manner – with the national interest. The weaknesses of both approaches concern the difficulty in recognising the autonomy of the political and of the particular. The first can become a vulgar, conspiratorial Marxism, and the second a fudged or elastic structuralism which gobbles up independent phenomena without adequately acknowledging them. Marxists clearly differ about the ability to change the capitalist state by democratic arrangements, about the degree to which trade unions and working-class parties can embed democratic responsive policies within the basic structure of the state. Thus, while we may accept the ambiguous formulation that 'in the last analysis' a state in a capitalist society must function in such a way as to protect the continued possibility of capitalist accumulation in the hands of capitalists, there are many forms and structures through which that end is achieved. But capitalist society is torn apart by contradictory requirements which make it impossible for the state to perform that function adequately.[1] Dilemmas arise, for example, how can one know whether a particular state action is in the interests of the system, of particular capitalists, of the working class, or of no one in particular, because it is a result of confusion, stalemate and ignorance? The claim that structuralist Marxism needs empirical and historical criteria to establish the consequences and biasses of state action is not a request for the confirmation of revealed truth: it is an acknowledgment that structuralist generalisations and the political impotence which commonly flows from them are likely to be undermined by flexible empirical analysis.

Students and activists, observers and chroniclers, theorists and ideologues, might well be asking: where do we go from here? Has the work of the past two decades, along with more traditional work, given us an adequate understanding of the state? What are the likely futures of capitalism and democracy? It is now possible to identify an emergent 'post-Marxist' perspective on the disputed relations of state and society. The core elements of this more flexible political analysis of the state have been summarised in the following prop-