

Claus Offe, "Theses on the theory of the State", in *Contradictions of the Welfare State*, by Claus Offe (MIT Press 1984), pp. 119-129

4 Theses on the theory of the state *

The following theses briefly outline some of the theoretically relevant findings which the authors have made in two empirical studies of reformist state policies in West Germany. These studies were concerned with the reform of vocational training and with a new programmatic approach to research and development policies.¹ We believe that such case studies of state policies in specific policy areas are necessary for generating both theoretical insights and political perspectives, which cannot be developed through deductive reasoning or immediate experience. For the sake of convenience, the argument is divided into eight theses. These points are intended to provoke discussion and debate and are, of course, tentative in nature.

Marxist theories of the state

In contemporary Marxist theories of the state, there is a cleavage between two approaches. One approach suggests that there is a particular *instrumental* relationship between the ruling class (capital as a whole) on the one side and the state apparatus on the other side. The state is conceived as an instrument for promoting the common interests of the ruling class. We believe that this view is gravely misleading – including the version that is offered in the doctrine of ‘state monopoly capitalism’, with its stereotyped claim about a ‘merger of the monopolies and the state apparatus’. The alternative view is that the state does not favour specific interests, and is not allied with specific classes. Rather, what the state protects and

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sanctions is a set of institutions and social relationships necessary for the domination of the capitalist class. In this second view, the state is neither a 'servant' nor an 'instrument' of any one class. While it does not defend the specific interests of a single class, the state nevertheless seeks to implement and guarantee the *collective* interests of all members of a *class society dominated by capital*.

The capitalist state

Considered at the most abstract-general level, the concept of the capitalist state describes an institutional form of political power which is guided by the following four functional conditions:

1 *Private production* Political power is prohibited from organizing material production according to its own 'political' criteria; property, whether in labour power or capital, is *private*. Hence, it is not political power, but private decisions that determine the concrete use of the means of production.

2 *Taxation constraints* Political power depends indirectly – through the mechanisms of the taxation system – on the volume of private accumulation. Those who occupy positions of power in a capitalist state are in fact powerless *unless* the volume of the accumulation process allows them to derive (through taxation) the material resources necessary to promote *any* political ends.

3 *Accumulation* Since state power depends on a process of accumulation which is beyond its power to organize, every occupant of state power is basically interested in promoting those political conditions most conducive to private accumulation. This interest does not result from an alliance of a particular government with particular classes or social strata also interested in accumulation; nor does it necessarily result from the privileged access of the members of the capitalist class to centres of state decision-making, a privilege which in turn makes it possible for that class to 'put pressure' on the incumbents of state power to pursue their class interest. Rather the *institutional self-interest of the state in accumulation is conditioned by the fact that the state is denied the power to control the flow of those resources which are nevertheless indispensable for the exercise of state power.* Although the agents of accumulation are not primarily interested in 'using' the power of the state, state actors must be interested – for the sake of their own power – in guaranteeing and safeguarding a 'healthy' accumulation process.

4 *Democratic legitimation* In parliamentary-democratic political regimes, any political group or party can win control over institutional state power only to the extent that it wins sufficient electoral support in general elections. This mechanism plays a key role in disguising the fact that the material resources of state power, and the ways in which these are used, primarily depend upon the revenues derived from the accumulation process, and not upon the voting preferences of the general electorate. In other words, there is a dual determination of the political power of the capitalist state: the institutional *form* of this state is determined through the rules of democratic and representative government, while the material *content* of state power is conditioned by the continuous requirements of the accumulation process.

Commodification

Is there any method by which these divergent structural conditions of the capitalist state can be reconciled through the policies of a particular government? In our view, there is *one* such method. If conditions can be created so that *every* citizen becomes a participant in commodity relationships, all four constitutive elements of the capitalist state are taken into account. As long as every owner of a unit of value can successfully exchange his/her value as a commodity, there is no need for the state to intervene in private economic decision-making; there is no lack of the material resources required by the state; there is no problem in maintaining a steady process of accumulation (which is only the net result of equivalent exchanges between the owners of capital and the owners of labour power); and, finally, there is no legitimation or consensus problem for political elites who manage to maintain this universe of commodities. Only to the extent that economic units of value fail to operate in the commodity form does the structure of the capitalist state become problematic. The commodity form is the general point of equilibrium of both the capitalist state and accumulation, which continues as long as every value appears in the form of a commodity. The link between the political and the economic substructures of capitalist society is the commodity form; the stability of both substructures depends upon the universalization of this form.

The paralysis of the commodity form

The key problem of capitalist societies is the fact that the dynamics of capitalist development seem to exhibit a constant tendency to *paralyse* the commodity form of value. Values cease to exist in the commodity form as soon as they cease exchanging for money or other values. To be sure, in an economic system regulated by private exchanges, it is never certain that one particular item offered for sale on the market will actually find a buyer. But in this simple case the failure of a value offered for exchange is supposed to be *self-correcting*: the owner of the exchange-seeking value will either be forced to lower the price or to offer an alternative good, the use-value of which increases its chances of being bought. At least in the theoretical world of Jean Baptiste Say, a fully commodified economy is self-stabilizing and perpetuating: the failure of a good as a commodity automatically results in other goods less likely to fail. Similarly, in the course of an economic depression, elements of labour and parts of capital which are temporarily expelled from the commodity form are supposed to create, through the very fact of their idleness, the pre-conditions for a new boom (on the condition that there is downward flexibility of prices). The functioning of this 'healthy' self-corrective mechanism, however, does not seem to be the regular case, particularly in late capitalist societies.

Marxist economic theory has developed various, though controversial, theorems which could explain the failure of such equilibrating mechanisms. For example, Baran and Sweezy argue that the monopolization of the economy leads to the downward inflexibility of prices on the one side and, on the other, to a constant flow of 'surplus profit' which cannot find investment outlets. Another explanation is based on the increasingly social character of capitalist production. This explanation points to the increasing division of labour within and among capitalist enterprises, the increased specialization of every single unit of capital and labour, and hence the diminished flexibility and adaptability of capital and labour to alternative uses. Third, it has been argued that the periodic destruction of large parts of value through unfettered economic crises is by itself a healthy economic mechanism which will improve the chances for the remaining values to 'perform' as commodities. In this view, the social conflict associated with this 'draining off' of superfluous values tends to become explosive to the extent that

these automatic crisis mechanisms are blocked by state intervention and Keynesian policies.

Whatever the correct and complete explanation may be, there is plenty of everyday evidence to the effect that both labour power and capital are expelled from the commodity form, and that there is little basis for the liberal belief that they will be reintegrated automatically into exchange relationships.

The maximization of exchange opportunities

The most abstract and inclusive common denominator of state policy in late capitalist societies is the securing of exchange relations between individual economic actors. Again, this does not mean that the capitalist state guards the interests of a particular class; rather, it sanctions the general interest of all classes on the basis of capitalist exchange relationships. For instance, it would be a mistake to argue that state policies of education and training are designed to provide the necessary labour power for certain industries, since no one, least of all the state bureaucracy, has any reliable information concerning the type, timing and volume of skills required by capitalists. Such policies are instead designed to provide a *maximum of exchange opportunities* for both labour and capital, so that individuals of both classes can enter into capitalist relations of production. Similarly, research and development policies designed and funded by the state are by no means directed towards concrete beneficiaries, such as industries which can use the resulting technologies. Rather, these policies are designed to open up new markets and to shield the domestic economy against the intrusion of foreign competitors; in short, to create and universalize the commodity form of value, in whose absence values become non-existent in a capitalist society.

Administrative re Commodification

The exclusive concern of all state policies with the problem of guarding the commodity form of value is a relatively new phenomenon. In some capitalist states, like the USA, it is still subject to substantial political and ideological controversies. What are the alternative strategies open to the state in order to deal with the structural problem of values failing to perform as commodities? The 'classical' strategy seems to be *inaction*, i.e., hoping for the

operation of the self-corrective mechanism of the market, as a consequence of which those units of value that have been expelled from the commodity form are supposed to return to the market. The assumption is that the more unpleasant unemployment (of labour or capital) is, the sooner the owners of those values will return to the market-place. The flaw in this logic lies, however, in supposing that owners of values do *not* have an option other than that of returning to the commodity form. Contrary to the assumptions of bourgeois ideology, they do in fact have other options, of which emigration, delinquency and political revolt are only a few historical examples.

The second alternative open to state policy is that of the subsidized protection of values. In this case, those owners of labour power and capital who can no longer participate in exchange relationships are allowed to survive under conditions artificially created by the state. Their economic existence is protected although they have dropped out of the commodity form, or they are 'artificially' prevented from dropping out because they are granted income (for example, transfer payments) derived from sources other than the sale of value. The problem with this 'welfare state' strategy of producing 'decommodified' values is that it becomes too costly in fiscal terms, thus sharpening the fiscal crisis of the state. Subsidizing the owners of values that have been rendered obsolete as commodities is particularly costly for the state because it entails a category of expenditures which are by no means self-financing. These expenditures do not increase, but rather reduce the basis of future state revenues.

On the basis of these theoretical considerations, we wish to argue that since the mid 1960s the increasingly dominant and exclusive strategy of the capitalist state is to solve the problem of the obsolescence of the commodity form by politically creating conditions under which legal and economic subjects can function as commodities. More specifically, this strategy develops in three directions: first, the saleability of labour power is enhanced through measures and programmes directed towards education, training, regional mobility and improving the general adaptability of labour power. Second, the saleability of capital and manufactured goods is enhanced through the transnational integration of capital and product markets, research and development policies, regional development policies, etc. Third, those sectors of the economy (identifiable according to particular industries, regions and labour

market segments) which are unable to survive within the commodity form on their own strength are allowed, according to plan, to fall victim to market pressures. At the same time, these sectors are urged to modernize, i.e., to transform themselves into 'marketable' goods. We suggest that the term 'administrative recommodification' might be an appropriate label for this most recent strategy of the capitalist state; it is basically different from both the *laissez-faire* and 'welfare state-protection' types of strategy sketched out above.

Instruments of state policy

Policies which pursue the general goal of reorganizing, maintaining and generalizing market exchange relationships rely upon a specific sequence of political instruments. These instruments of political regulation can be categorized in the following way. First, there are *regulations and financial incentives* which are designed to control 'destructive' competition and to make competitors subject to rules which enable the economic survival of their respective market partners. Usually these regulations consist of measures and laws which try to protect the 'weaker' party in an exchange relationship, or which support this party through various incentives. Second, there is the broad category of *public infrastructure investment* which is designed to assist certain categories of commodity owners (again: both labour and capital) to engage in exchange relationships. Typical examples are various kinds of schools, transportation facilities, energy plants, and measures for urban and regional development. Third, and most recently, we find attempts to introduce schemes of *joint decision-making and joint financing*. These are designed to force market partners to agree in an organized way upon conditions of mutually acceptable exchange *outside* the exchange process itself, so that the outcome is predictable for both sides. Such state-sanctioned schemes of mutual accommodation among associations and collective actors (recently described as neo-corporatism) are to be found not only in the area of wage bargaining, but equally in areas like housing, education and environmental protection.

Structural contradictions of late capitalism

These attempts to stabilize and universalize the commodity form

and exchange process by political and administrative means lead to a number of specific structural contradictions of state capitalist societies, which in turn can become the focus of social conflict and political struggle. Such contradictions can be found on the economic, political and ideological levels of society. On the *economic* level, the very state policies which are designed to maintain and expand exchange relationships often have the effect of threatening the continuity of those relationships. This is because all three instruments of state policy-mentioned above (regulations, infrastructure investment and mutual accommodation) deprive the owners of capital of value to varying degrees, either in the form of capital that is 'taxed away', or in the form of labour power, or in the form of their freedom to utilize both of these in the way they deem most profitable. To the extent that state policies of 'administrative remodification' are 'effective', they are bound to put a burden upon the owners of capital. This, in turn, has the paradoxical effect of *threatening* the effectiveness of state policies. Since, in a capitalist society, all exchange relationships depend upon the willingness of owners of money capital to invest, i.e., to exchange money capital for constant capital and variable capital; since this willingness depends upon the expected profitability of investment; and since all state policies of remodification do have the empirical side effect of depriving capital of either capital or labour power or the freedom to use both in profitable ways, the remedy turns out to be worse than the illness. That is to say, reformist policies of the capitalist state by no means unequivocally 'serve' the collective interests of the capitalist class: very often they are met by the most vigorous resistance and political opposition of this class. Social conflicts and political struggles, especially those with socialist potential, by no means emerge automatically from this systematic contradiction between state policy and the 'interests' of capital. These struggles are usually waged by political forces which are willing and able to consciously defend and utilize the reformist policies of the capitalist state *against* the power and obstructive resistance of the capitalist class itself.

A second structural contradiction is related to the organizational *power structures* created by reformist state strategies. It has often been observed by both liberal and Marxist social scientists that, under late capitalist conditions, those sectors of the economy which are not immediately controlled by market mechanisms tend to absorb an ever greater proportion of the overall quantity of labour

power and social product. The most obvious example is public administration and all the agencies that are created and controlled by it (such as schools, transportation facilities, post offices, hospitals, public service agencies, welfare bureaucracies, the military, etc.). What is the explanation for the growing importance of these organizations? Expressed simply, it is because the state's attempts to maintain and *universalize* the commodity form require organizations whose mode of operation is no longer subject to the commodity form.

This can be demonstrated in the case of teachers. Although it is true that their labour power is exchanged for wages, it is not true that the immediate *purpose* of their labour is to produce commodities for profit on the market (which is the case in capitalist enterprises). The purpose of the labour is, rather, to produce the use-values (knowledge, skills, etc.) which put workers in a position to actually sell their labour power on the market. Schools do not sell their 'products', although they help to maintain and improve the saleability of those commodities (labour power) which are the recipients of their 'products'. The 'products' of the work of teachers are distributed to the recipients through channels different from those of exchange. The same is true in such domains as public housing authorities, hospitals, transportation systems, prisons and other branches of the state apparatus. Although nominal *fees* (as opposed to *prices*) play a mediating role in the allocation of their products and services, the prevailing allocating mechanism is not *sale* but such things as legal claims, compulsory rules, acknowledged need or simply rights to free use. It is therefore not surprising that one of the most controversial and unresolved issues in the fields of liberal public economics and political science concerns the mechanism of production and distribution of 'public goods' that could be substituted for the market exchange mechanism that is inapplicable in the realm of public production—an expanding realm of production designed to maintain and to universalize the commodity form of property.

This strategy of maintaining the commodity form presupposes the growth of state-organized forms of production that are exempt from the commodity form. This, again, is a contradiction only in a *structural* sense—a possible source of conflicts and destabilizing developments which in turn remain contingent upon conscious political action and organization directed at the 'weakest links' in the world of exchange relations. Although it is still a puzzle to many

Marrists who consider themselves 'orthodox', it is evident that the major social conflicts and political struggles that took place in America and Western Europe during the 1960s did *not* take place within the exchange relationships between labour and capital. Instead, they occurred as conflicts over the control of the organizations of social production that *serve* the commodity form without themselves being *part* of the commodity nexus. Conflicts in schools, universities, prisons, military organizations, housing authorities and hospitals are cases in point. We suggest that an explanation of this conflict can and must be based on the consideration that such administrative organizations represent the most advanced forms of erosion of the commodity form within capitalist exchange relationships themselves.

A third contradiction can be located on the *ideological* level, or in the normative and moral 'infrastructure' of capitalist society. The functioning of the commodity form presupposes two related norms with which individual actors must comply. First, they must be willing to utilize the opportunities open to them, and they must constantly strive to improve their relative position in the exchange process (*possessiveness*). Second, they must be willing to accept whatever material outcome emerges from their particular exchange relationship – particularly if this outcome is unfavourable to them. Such outcomes must, in other words, be attributed to either natural events or to the virtues and failures of the individual (*individualism*).

For a capitalist commodity economy to function, the normative syndrome of possessive individualism must be the basis of both the behaviour of actors, and their interpretations of the actual and future behaviour of others. Our point is that the contradiction of welfare state capitalism on the ideological level results in the *subversion* of this syndrome of possessive individualism. To the extent that exchange relationships are no longer 'naturally' given, but are created and maintained through visible political and administrative state strategies, the actual exchange value of any unit of labour or capital on the market can be seen as determined as much through *political* measures as through the *individual* management of one's property and resources. These individual resources thus come to be seen as something resulting from, and contingent upon, political measures. Considerations such as whether or not individuals can sell their labour power, and how much they receive for it, increas-

ingly become – at the level of normative orientation and actors' self-understanding – a matter of adequate or inadequate state policies in such areas as education, vocational training and regional economic development. For owners of capital, similarly, market success depends less upon such factors as the willingness to take risks, inventiveness and the ability to anticipate changes in demand, and more upon state policies in such areas as taxation, tariffs, research and development, and infrastructure investment. The structural weakening of the normative and moral fibres of a capitalist commodity society – which is caused by the very attempts to stabilize and universalize the commodity form through state policy measures – again does not imply any automatic tendency towards crises or the 'breakdown' of capitalism. It can, however, become the focus of social conflict and political struggle which is oriented towards overcoming the commodity form as the organizing principle of social reproduction.

Notes and references

- 1 Editor's note: The authors refer here to Volker Ronge's *Forschungspolitik als Strukturpolitik* (Frankfurt 1977), and to Offe's interpretation of the failures of the SPD federal government's vocational training reform policies between 1969 and 1974, in *Berufsbildungsreform, Eine Fallstudie über Reformpolitik* (Frankfurt 1975); cf. their earlier analysis of the limits of state attempts to rationalize the West German construction industry, in 'Fiskalische Krise, Bauindustrie und die Grenzen staatlicher Rationalisierung', *Leviathan*, 2 (1973), pp. 189–220.