

**The Theories of the Advanced Capitalist State—
An Examination of the Works of
Jurgen Habermas and Claus Offe**

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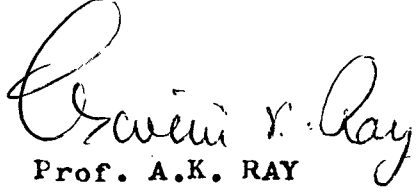
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DECLARATION

This is to certify that this dissertation entitled "THEORIES OF THE ADVANCED CAPITALIST STATE - AN EXAMINATION OF THE WORKS OF JURGEN HABERMAS AND CLAUS OFFE" submitted by Mr. Garimella Subramaniam, is in partial fulfilment of twelve credits out of a total requirement of twentyfour credits for the degree of Master of Philosophy (M.Phil.) of this University. This dissertation has not been submitted for any other degree in this University and is his own work.

We recommend that this dissertation be placed before the examiners for evaluation.


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C O N T E N T S

	<u>Pages</u>
ACKNOWLEDGEMENTS	ii - iii
INTRODUCTION	iv - ix
CHAPTER I ON THE CRITICAL THEORY OF JURGEN HABERMAS	1 - 35
CHAPTER II HABERMAS' CRITIQUE OF LATE CAPITALIST SOCIETIES	36 - 70
CHAPTER III CLAUS OFFE'S CRITIQUE OF ADVANCED CAPITALIST SOCIETIES	71 - 127
CONCLUSION	128 - 132
BIBLIOGRAPHY	133 - 145

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INTRODUCTION

The literature on the State in advanced capitalism is enormous. The characterisation of the State and its functions, its relation to capital and to the society are some of the dominant issues of debate in Marxist circles today. To cite only two of the many variants of such debates, one could talk of the controversy between an instrumentalist theory which characterises the State as an autonomous instrument of the capitalist class, performing diverse functions which have the net effect of strengthening the accumulation process and a structuralist theory which views the State as part of a unified structure and a "terrain of reflection" of social processes.

In this dissertation, we are not concerned with either of these theories. We are interested in presenting and analysing a point of view which examines advanced capitalism in its relation to the modern welfare state. This strand of thought - commonly known as critical theory - derives its formulations on the advanced capitalist state from the recognition of the functions of the welfare state. The expressions advanced capitalism and welfare state are treated as broadly synonymous, although originating in fundamentally

distinct theoretical traditions. Whether stated explicitly or not, all the above expressions denote the regulatory activities of the state in the post-war years. Call it the advanced capitalist state or the welfare state, we are addressing more or less similar phenomena but with variation in theoretical emphasis in the western societies. The extent and scope of state activities in all these societies have been widespread and pervasive, so much so that a demarcation of the public and private spheres of citizens is often unclearly drawn.

The liberal theorists of the welfare state described its functions as a stabilising mechanism, or as a shock absorber in the economic crisis of the interwar period. They make extensive references to Keynesianism and the New Deal policies of the mid 1930's. These measures regulated inflation and generated high employment following the boon in investments.

At a different level, the Marxist tradition acknowledges relative improvements in the material standards of living achieved by the welfare policies of the capitalist state. However, it calls attention to the tentativeness of these formulae owing to the underlying ^{crisis} tendencies which may lead to the ultimate self destruction of capitalism.

In its contemporary phase capitalist accumulation does not take place uninhibited, instead it is intercepted by cyclical economic crisis whose propensity to paralyse the system need to be counteracted by state intervention and planning. Reflections on this organised form of capitalism can be traced back to the work of Hilferding.

The subsequent literature on the organised capitalist state made an exclusive attempt to forecast the development of capitalism on the lines of Marx's critique of political economy. A major flaw in the dogmatic adherence to the classical position was the failure to recognise the divergent forms and scope of state intervention in late capitalism. State regulation of market processes effectively compensated for the expected fall in the profit rate, through the innovation of reflexive labour.

Theories of the economic crisis of capitalism often restrict their analysis merely to disturbances at the levels of production and distribution, thus deemphasising frictions on the socio-cultural plane which have become increasingly manifest.

None of the above approaches (within the Marxist framework) seem to take note of some crucial developments in the political sphere; even when they do so, they turn

out to be simplistic. An important contrast of the advanced capitalist state from liberal capitalism is the disappearance of dominant bourgeois ideology to sustain the legitimacy of the socio-cultural system as well as the state. With this background the tradition of critical theory provides the necessary theoretical framework for the examination of crisis tendencies in advanced capitalist economies as well as the erosion of traditional and bourgeois normative foundations at the societal level.

Critical theory, from the Frankfurt School down to contemporary theories amply show a more complex dual emphasis on the economy as well as the life-world in advanced capitalism. The decline of the epistemological dominance of labour - characteristic of classical Marxism - the revival of philosophical foundations of Marxism through an investigation into the cultural spheres is a case in point.

For our study, the writings of recent proponents of critical theory namely, Jurgen Habermas and Claus Offe have been selected. In spite of important departures from the presuppositions of the earlier Frankfurt School and the Institute of Social Research, they maintain a definite continuity with the original postulates of critical theory.

It appears that most of the significant insights on the advanced capitalist state within critical theory have been contributed by these two authors.

The first chapter 'On the Critical theory of Habermas' is meant to delineate the postulates of critical theory which he derives from its earlier foundations. The application of a wide range of disciplines and concepts from Kant's transcendental logic, Hegel's phenomenological, Searle's theory of Speech Acts to Parsons's systems analysis, culminates in Habermas critical theory. The theories of "Communicative Action" and "Social Evolution" are the results of this complex intermixture of divergent theoretical school.

The second chapter gives an account of Habermas's analysis of advanced capitalistic societies. The integrated application of 'Systems Theory' and the 'Critique of Political Economy' for the analysis of economic crisis tendencies and his focus on the life-world into which the former crisis is transposed is seen as a major breakthrough in the literature of advanced capitalism. His observation that economic crises in advanced societies could be permanently averted by mediation through the administrative apparatus calls for special attention. However, that his prognosis of a legitimation and motivation crises are tentative

in nature and in need of empirical substantiation should be emphasised to avoid misunderstanding.

The third chapter on Offe's reading of advanced capitalism completes the empirical dimension of this theory. Here, the operation of the labour market and the simultaneous emergence of state social policy, the growth of the service sector and the illegitimacy of the legitimating principle of majority are examined briefly. The section on the contradictions of the modern welfare state demonstrates how, as a mechanism devised to avoid crises the welfare state itself has been subjected to crises in the last few decades.

The final chapter provides a brief critical evaluation of Habermas's and Offe's formulations on the advanced capitalist state.

NOTE: The non-availability of English translations for some of the writings of Jurgen Habermas and Claus Offe has resulted in the narrowing down of source material. Since the various arguments presented in several articles of the authors have been stated more lucidly in their books, explicit references have been made only to the latter in the different chapters of this work. However, the articles have been listed exhaustively in the bibliography.

CHAPTER I
THE CRITICAL THEORY OF
JURGEN HABERMAS

The writings of Habermas over the past three decades cover a wide range of problems in modern social theory. His intellectual origins draw from several traditions, from Kant's transcendental philosophy, Hegel's phenomenological reflections through Marx's historical materialism, Weber's theory of rationality, Freud's psycho analysis, and Parson's systems theory. More recently Habermas has incorporated 3 other traditions - Husserlian life-world theory, Austinian theory of speech acts & finally culminating in the tradition of ^{the} Frankfurt school, whose essential task it was to re-emphasise the philosophical dimension of Marxism. More specifically, Habermas had set himself the task of locating critical theory between Science and Philosophy. It was Habermas' concern to demarcate critical social theory from strictly empirical analytical science as clearly as Marx had from philosophy, to locate it "between Philosophy & Science".¹

For our purpose it would be enough to confine ourselves to a brief discussion of the origins and development of Habermas' Critical theory.

The Genesis of Habermas's Critical Theory:

With the transition from the classical conception of politics to modern political science, the conceptions of theory and practice too have undergone a significant transformation. We can characterise this transition with reference to Habermas's distinction between "purposive rational action" and "communicative action". The distinction between these two has a bearing on Aristotle's model of the relationship between "poiesis" and "praxis".

Purposive rational action comprises according to Habermas either instrumental action or strategic action or both. Instrumental action pertains to the utilisation of means to achieve given ends. It is guided by empirical knowledge. Here, we are talking about the use of technical tools mathematic calculations and other implements, which comprise a scientific activity, for instance, an experiment. Strategic action refers to judicious selection or omission; where the activity in question is goal oriented. The distinction between the two is rather narrow and invariably we find a great deal of overlap between the two.

At the most elementary level, we employ techniques placed at our disposal by science for the realisation of specific goals. Instrumental action is rationalised in this sense to the extent that the organisation of means to define ends is guided by technical rules based on empirical knowledge. The information provided by

empirical science in the form of law-like regularities and scientifically tested predictions replaces traditional criteria of appropriateness, as well as rules of experience developed unsystematically in the arts and crafts. If however, we are faced with a choice between alternative means that are technically speaking equally suitable and functionally equivalent, a rationalisation on a second level is required. Decision theory clarifies the relation between alternative techniques and given goals on the one hand, and, value systems and maxims for reaching decisions on the other. Purposive rational action is rationalised in this sense to the extent that the choice between possible alternatives is correctly deduced from preference rules and decisions. This type of rationality refers to the formation of the content of decisions. The value of system on which the choice is based, and thus the result of the decision need not be reasonable in the ordinary substantial sense.²

In purposive rational action the working scientist can make his own decisions and apply various strategies solely on his own discretion. Communicative action on the other hand assumed the existence of an inter subjectivity between the participants in the act. In the former case, the interaction is between a scientist, who manipulates several natural objects. Hence, it is upto the scientist to exercise his discretion in his operation. On the contrary, in the latter case the subjects in question are concrete human individuals, whose preferences and objections have to be reckoned with.

The crucial difference here, is the interplay of the subjective considerations of both the participants and the observer. The degree of control over the result is relatively less with regard to communicative action as against purposive rational action.

In purposive rational action, the agent adopts preferences and decision principles monologically, that is, independently of consensus with other agents. Communicative action on the other hand is a symbolically mediated interaction that proceeds dialogically, that is, on the basis of inter subjectively binding norms. These norms define reciprocal expectations about behaviour and must be understood and acknowledged by at least two acting subjects.³ The explication of the notion of praxis as a symbolically mediated interaction stresses its communicative character which is absent in Aristotle's definition.

It may be understood from the above discussion that Poiesis, production and technical interest refer to the sphere of purposive rational action as a whole, and the expressions practice, praxis, or action mean communicative action in general.

The kinds of problems encountered by the technical interests are characteristically different from those of

the practical interests. 'While in the former, questions are posed with a view to the rationally goal directed organisation of means, and rational choice among alternative means, in the later, questions are raised with ^aview to [^]the acceptance or rejections of norms, especially norms of action whose claims to validity we can support or oppose with reasons.⁴

Following the above argument we conclude that the rationality that guides technical problems i.e. production, is different in kind from the rationality that guides practical problems i.e. action. Aristotle explains this point ⁱⁿthe following way; "Production is different from action, hence the characteristics of acting rationally are different from the characteristics of producing rationally."⁵

Unlike the technical or productive knowledge which comprises of arts or skills the practical knowledge is constituted by prudence which is an ability for deliberation regarding "not what kinds of things are good for the sake of something else, but what is good for its own sake." Although politics makes use of technical knowledge, it is a branch of practical knowledge since it concerns an end in the realm of action which we desire for its own sake.⁶

With the rise of modern science the classical conception of politics underwent a drastic alteration. According to Habermas, with Machiavelli, the practical knowledge of politics was reduced to a technical skill. Machiavelli was overly concerned with matters of state craftsmanship and military security, the artisan skills of the strategist. Proceeding on the same lines, Hobbes tried to establish social philosophy on a solid scientific foundation. But he merely succeeded in securing the technical perspective, pragmatically used by Machiavelli.

Habermas indeed justified in explaining the transition from the classical doctrine of politics to the present in terms of the new dimensions that had arisen in relations between the notions of theory and practice and the vast expansion of their functions. "Theory came to mean the logically integrated systems of quantitatively expressed law-like statements characteristic of the most advanced sciences."⁷ Given an account of the initial relevant conditions and provided the vital factors are manipulable, these theories could enable predictions regarding future states of a system and could produce desired states of affairs. Applying this ideal of knowledge to politics, Hobbes outlined a programme that took human behaviour as the material for the science of man, society and the

state.⁸ Given a correct understanding of the laws of human nature, it will be possible to establish once for all the conditions for a proper ordering of human life. The classical conception of a good and virtuous life towards building a harmonious society was replaced by the application of a scientifically grounded social theory which called for the production of conditions that would lead to desired behaviour according to laws of human nature. The emphasis here was on the application of the laws of the natural sciences to guide the behaviour of social processes. To sum up in McCarthy's words, "the sphere of the practical was absorbed into the sphere of the technical, the practical problem of the virtuous life of the citizen of the polis was transformed into the technical administrative control of regulating social intercourse so as to ensure the order and well-being of the citizens of the state."⁹

Habermas strongly rejects this encroachment of the practical domain by an overtly technical interest. In his view, "the principal loss incurred in this transition was the replacement of a direct access to practice with the purely technological understanding of the theory-practice relationship; the principal gain was the introduction of scientific rigour into the study of

society. Accordingly, the outstanding task for a post positivist methodology of social enquiry was somehow to combine philosophical and practical moments with the methodological rigour which was the irrevertible achievement of modern science."¹⁰ Habermas' conception of practical philosophy has to be differentiated from that of the ancient Greeks. His philosophy was instead firmly grounded in the movement of German thought from Kant through Marx. The combination Habermas envisaged is vindicated by the phrase "empirical philosophy of history with the practical intent."¹¹ The presence of the term philosophy in his characterisation of critical theory did not signal a disagreement with Marx's premise that the demands and results of philosophy could be preserved only by the negation of previous philosophy, i.e., a presuppositionless first philosophy.

"Habermas was not using the term philosophy in its conventional sense, as a presuppositionless mode of thought that provided its own foundation."¹¹

Habermas endorses Marx's view when the latter underlined the necessity of philosophy having to be reflective in nature to realise its goals. The philosophy of history, upto Kant and Hegel, attempted to realise its meaning merely on the level of the mind and sought to

suggest solutions which were metaphysical in their nature and content. As for Marx, "he regarded philosophy as belonging to the world on which it reflected and as having to return to it; the ideals inherent in philosophy - Truth, Reason, Freedom and Justice - could not be realised by thought itself. The philosophy of History in particular, was marked by a failure to realise this. Pretending to a contemplative view of the whole of history-prospective as well as retrospective - it claimed to reveal its meaning often in terms of a necessary progress towards some metaphysically guaranteed goal ascribed to God or Nature, Reason or Spirit."¹²

According to Habermas, Marx rejected the formulation of traditional philosophy and had even surpassed the young Hegelians, thus creating a considerable ground work for critical reflection. Marx's view that philosophy should transcend its merely contemplative character and that a scientific projection into the future had to be achieved through an integration of the historical past and the present can be construed as foundation for the emergence of a critical social theory.

"For him, (Marx) the movement of history was not at all a metaphysical necessity. It was contingent in regard to both the empirical conditions of change and the

practical engagements of social agents. The meaning of history, its goal was not a subject for metaphysical hypostatization; but for practical projection; it was a meaning that man, in the knowledge of objective conditions, could seek to give it for will and consciousness. The exaggerated epistemic claims of traditional philosophy of history derived in part from ignoring the essentially practical nature of its prospective dimensions. The projected future was not a product of contemplation or of scientific projection, but of a situationally engaged practical reason ."¹³

"The meaning of the actual historical process is revealed to the extent that we grasp a meaning, derived from practical reason, of what should be and what should be otherwise, and theoretically examine the presuppositions of its practical realization... We must interpret the actual course and the social forces of the present from the point of view of the realization of that meaning."¹⁴

In this way, Habermas found that the young Marx had already possessed the necessary correctives to traditional philosophy. But however, according to Habermas, Marx had ascribed to his own views the features of a strictly empirical theory of society in his enthusiasm to distinguish himself from the purely philosophic critique of the young

Hegelians. He adds, "and later, in the hands of its orthodox followers, Marxism seemed to provide a purely theoretical guarantee of the outcome of history; the importance of critical self reflection and enlightened political practice receded behind the solid, objective necessity of inexorable laws of history."¹⁵

It was against this background of a spectacle of retrogression that the Frankfurt School envisaged to refurbish the philosophic image of Marxism, and Habermas sought to demarcate critical theory from strictly empirical science as clearly as Marx did from philosophy, to locate it "between philosophy and science."

WHAT IS CRITICAL THEORY?

It is not possible at this juncture - when speculation is looming large as to the completeness of this theoretical programme - to distinctly establish some of its salient traits.

It is with these questions in the background that I shall engage in a discussion of critical theory in this section. I would begin by dwelling briefly on the different modes of enquiry as discussed by Habermas, and later concentrate on one of the modes of enquiry that constitutes the establishment of a critical social theory.

Habermas classifies processes of inquiry into:

1. The empirical analytic sciences including the natural and the social sciences in so far as they aim at producing nomological knowledge;
2. The historical and hermeneutic sciences including the humanities and the historical and the social sciences in so far as they aim at interpretive understanding of meaningful configurations; and
3. The critically oriented sciences, including psychoanalysis and the critique of ideology, as well as philosophy, understood as a critical and reflective discipline. He posits each category of enquiry with a specific cognitive interest: "The approach of the empirical analytic sciences incorporates a technical cognitive interest; that of the historical hermeneutic sciences incorporates a practical one, and approach of the critically oriented sciences incorporates the emancipatory cognitive interest!"¹⁶ The connections between each mode of enquiry and its respective cognitive interest has to be demonstrated through an analysis of fundamental categories and the methods of establishing, testing and applying the systems of propositions proper to the type of enquiry in question. The cognitive

interests appear as Habermas says as "general orientations or general cognitive strategies that guide the various modes of enquiry. As such, they have a quasi transcendental nature."¹⁷

Habermas argues that although the sciences must preserve their objectivity, the conditions that enable such an objectivity themselves incorporate specific cognitive interests. Thus, orientation towards the various cognitive interests permit us to apprehend reality in whichever way we choose. Moreover, although the cognitive interests have a transcendental nature, they are all rooted in the history of the human species and the subject of enquiry is a sub-system of a larger society which is itself a product of the socio-cultural evolution of the human species. Thus, Habermas' theory of cognitive interests can be summed up in the following manner. It is "a rejection of the objectivist illusion according to which the world is conceived as a universe of facts independently of the knower; whose task it is to describe them as they are in themselves; a thematization of the frames of reference in which different types of theoretical statements are located; a classification of processes of enquiry into three categories distinguished by their

general cognitive strategies and the connection of these strategies with specific cognitive interests that have their basis in the natural history of the human species."¹⁸

THE EMANCIPATORY INTERESTS OF THE CRITICAL SCIENCES

Unlike in the case of the technical and the practical interests where Habermas could begin with already well established modes of enquiry and bring about their intrinsic connections, with regard to emancipatory interests, Habermas is faced with ^a perceptibly new situation. In the case of the two interests, they have an immediate point of reference in the empirical analytic sciences and the hermeneutic sciences respectively. However, in the case of the third emancipatory interest there is no such reference point, and thereby the task becomes more complex. It is one of propounding a new scientific discipline namely that of the critical social theory and of delineating its specific goal, the emancipatory interest. The emancipatory interest is supposed to be the corner stone of his critical social theory and philosophy which he defines as follows: "Critical theory is a type of social enquiry concerned to go beyond the production of nomological knowledge and to determine when theoretical statements grasp invariant regularities of social action

as such, and when they express ideologically frozen relations of dependence that can be in principle transformed. It takes into account that information about law-like connections, sets off a process of reflection in the consciousness of those whom the laws are about. Thus, the unreflected consciousness which is one of the initial conditions of such laws can be transformed. Of course, to this end, a critically mediated knowledge of laws cannot through reflection alone render a law itself inoperative, but it can render it inapplicable.¹⁹ As we understand then, critical theory is,

1. an attempt to go beyond empirical knowledge;
2. to determine whether and when theoretical statements captured the intricacies of social action, or if they merely assume ideological forms resulting in the distortion of reality;
3. It induces a sense of reflectivity in the subject whom the law-like connections are about. Habermas is quick to point out that the unreflexive consciousness which exists at the beginning in such laws cannot be transformed by critical reflection alone. Though reflection cannot ensure that the laws become redundant, it can always invalidate them in terms of their applicability.

Marx's critique of ideology and Freudian psycho analysis may be classic examples of critical theory, but they need not be regarded as paradigms says Habermas, as they were subject to misunderstanding as propounded by their founders. As such, the task for the construction of a critical theory with an emancipatory interest is outstanding.

Therefore, in this discussion of the emancipatory interest, Habermas simply cannot appeal to the reflection on generally accepted modes of enquiry as he did with the other two interests. To put it in McCarthy's words, "he is not plumbing the foundations of established disciplines, but engaging in epistemological reflection as a propaedeutic to formulate a new conception of social and philosophical inquiry."²⁰

Critical theory draws heavily upon several disciplines belonging to both the natural and social scientists, and that makes the task of interpreting and correlating concepts more complex. At the philosophical plane, it leans heavily on the enlightenment tradition, and at the methodological level, it borrows substantially from Marxism, Freudian psycho analysis and the Hermeneutic traditions. To be sure, it would only be appropriate to characterise critical theory as an integrated approach

of the empirical and the scientific with the practical and critical. The interconnection between these two culminates in the emancipatory interests of critical theory. However, the nature of this interconnection is rather unclear. The most, that could be said rather sceptically, is that critical theory represents a proportionate amalgamation of the above said interests.

In the modern times, we have witnessed a consistent criticism emerging against dogmatism in favour of reason. During the time of enlightenment, "the progress of critical insight meant progress towards the autonomy of the individual; the dissolution of the dogmatic constraints was the condition of the liberation of the society from unnecessary because self-imposed suffering".²¹ Emancipation by enlightenment required the will to be rational. A strong desire on the part of the enlightened individual to break free from the clutches of dogmatism was a precondition of human emancipation. This called for the exercise of reason and reflection fearlessly.

Fichte assigns practical reason a higher status than theoretical reason. The fundamental form of dogmatism to be overcome by enlightenment was the fixation of the immature consciousness. Immature consciousness subsumes itself a sum of the totality surrounding it.

With Fichte, the view that dogmatism is "unreflected consciousness" gained currency. "It does not first have to establish itself as a prejudice; private or institutionalized; it is present wherever there is unawareness of one's autonomy. In this setting enlightenment is ideally the reduction of nature to indeterminate material for acting subjects." From his idealist standpoint, reason according to Fichte is inherently practical and is tied to the practical intention of the subject whose motive is the achievement of autonomy.

From Hegel, the task of encountering dogmatism was taken over by the reconstruction of the self formative process reflectively. Critical reflection does not originate independently; but develops necessarily with reason. Both reflection and reason comprise the activity of self reconstruction of the human individual.

Hegel's phenomenological self reflection surmounts dogmatism by reflectively reconstructing the self formative process of the mind. "Critical reflection is not an absolute origin; it is dependent on something prior as its object while simultaneously originating in it."²²

Critical reflection proceeds systematically by negating itself and thereby overcomes all kinds of dogmatism and ideological delusion. It attains a higher

and higher status by this positive negation of its own self. This is what is meant by the term "self formative process."

Critical consciousness proceeding by way of determinate negation aims at comprehending the context of its own genesis, the self formative process of which it itself is the outcome. Through a systematic repudiation of the manifestation of consciousness that constitutes the history of mankind it works itself up to its present standpoint through stages of reflection. At every stage a new insight is confirmed in a new attitude. Phenomenological reflection is accordingly a mode of reflection or self knowledge in which theoretical and practical reason are one."²³

Habermas believes that within the framework of historical materialism which has incorporated Freudian psychoanalysis, it is possible to promote the interests of the critical sciences which reconstruct the self formative process of the species and to explicate the idea of reason and its emancipatory interest. The reflective critique of ideological forms of consciousness or what is the same thing, ideological delusions, can be successfully carried through by the critical revolutionary activity of suppressed classes. In history the development of self reflection occurs through various processes like for instance, the

process of reproduction of labour and by processes of self formation under conditions of distorted communication. Self formation here entails the capacity of the working class first, to recognise the conditions of the exploitation and secondly, to redeem itself of such conditions through reasoned and concrete action. "The development of the process of production creates the objective possibility of lessening the pressure of the institutional framework and - in Freudian terms - of replacing the effective basis of men's obedience to civilization by a rational one, of providing a rational basis for the precepts of civilization."²⁴ The goal of the transformation of institutional frameworks, and the destruction of ideologies is in Habermas's terms an organization of social relations according to the principle that the validity of every norm of political consequence be made dependent on a consensus arrived at in communication free from domination. "Informed by this telos, critical revolutionary activity tries to promote enlightenment by testing the limits under given conditions, of the realizability of the utopian content of cultural tradition."²⁵

Habermas is optimistic that the conditions of communication free from domination (emancipation) is realizable, the exercise in reason and self reflection

McCarthy says, should be upheld. [^] "The logic of the movement of reflection is a logic of trial and error, a logic of justified hope and controlled experiment." Thus critical theory can be seen as belonging essentially to the realm of the self formative process on which it reflects. Critical theory pursues self reflection out of an interest in self emancipation. Habermas makes yet another point: Habermas suggests that the presumed heteronomy of knowledge, in the divisions of the natural and cultural sciences and their respective cognitive interests need not be taken literally. This compartmentalisation is merely at the epistemological plane and not at the level of practical activity. Furthermore, the pursuit of reason and thereby of its autonomy cannot be delinked from the pursuit of knowledge which is an essential component of reason itself. What is emphasised here is that, reason and knowledge are identical and one cannot be pursued in isolation from the other. The pursuit of self reflection inevitably results in the abolition of "seemingly natural constraints"; in the attainment of emancipation. "In self reflection, knowledge for the sake of knowledge attains congruence with the interest in autonomy and responsibility... in the power of reflection, knowledge and self interest are one."²⁶ Habermas, now applies the above elaboration of knowledge and reason to the technical

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and practical interests. The rejection of the dogmatic character of a world view and a form of life by critical self reflection has an equivalent in the natural sciences in the form of a constant endeavour to discover new paradigms, rendering the existing ones invalid. As the technical and practical interests are also constitutive of knowledge, they are therefore necessarily linked with reason. They determine the objectivity and validity of statements, thus they are rational. Finally, reason derives its meaning and expression through these two interests. However, it would be simplistic to explain away reason as a mere organ to be adopted by human beings in the pursuit of emancipation. The paradox in Habermas's thought is that on the one hand he classifies processes of inquiry into three categories, and on the other he refutes the heteronomy of knowledge by establishing the quasi transcendental nature of knowledge.

I shall now turn to Habermas' use of the hermeneutic approach in his formulation of critical theory. It may be recalled that Habermas's classification of processes of enquiry into the empirical and hermeneutic sciences is similar to Dilthey's classification into the natural and cultural sciences. But the important difference is that Habermas' distinction is epistemological while

Dilthey's distinction is based on the relevant subject matter. The hermeneutic sciences aim at achieving understanding as against the empirical sciences which aim at explanation. According to Dilthey the hermeneutic sciences are not definable in specific terms. "Empirical analytic theories are hypothetical deductive systems of propositions constructed so as to yield deductive nomological explanations of observable phenomena. Classical mechanics is an example of an empirical-analytic theory. The hermeneutic sciences, on the other hand are constructed deductively; on the contrary, they are in principle unformulazible, because they make use of the reflexivity of ordinary language in order to achieve understanding of meanings expressed in ordinary language. The aim is to secure interpretations of cultural traditions, the method used is hermeneutics which makes use of a process of feedback correction between a preliminary global understanding of a text to be interpreted and interpretations of its parts. Philology is an example of a hermeneutic discipline."²⁷

The two sciences depend on their constitutive cognitive interests in Habermas' words for the formation of the object domain of theory and the conditions of the theory's possible application. "In the functional sphere of

instrumental action, we encounter objects of the type of bodies; here, we experience things, events, and conditions which are in principle capable of being manipulated. In interactions, we encounter objects of the type of speaking and acting subjects. Here, we experience persons, utterances and conditions which are in principle symbolically structured and understandable."²⁸

For the hermeneutic enquiry the practical cognitive interest gives a definite shape to the process of arriving at mutual understanding which takes place prescientifically in the sphere of communicative action. Habermas regards hermeneutic understanding as prescientific since the latter is devoid of a sense of reflection. Therefore, the objective domain of the hermeneutics owes its basic structure to the practical cognitive interest.

Habermas emphasizes the need to adopt the hermeneutic procedure to construct a balanced social theory because of the interpretive techniques it provides us. The advantage of this approach is that it goes beyond systematic observation to gain data to understand... meanings. But at the same time asserts that an adequate social theory cannot be one guided by the practical cognitive interests. Habermas feels that the interpretation of cultural traditions, which gives a sense of self belonging-

ness to individuals and groups, provided by the hermeneutics cannot bring about real solutions to practical questions. According to him, norms for action cannot be rationalized unless they are attained discursively. The validity of norms cannot be presupposed a priori, instead have to be arrived at through intersubjective mediation involving acting subjects. This mediation takes the form of argumentation, or broadly that of speech acts. A consensus is real only if it is achieved through discourse where the sole interest of the participants involved is the achievement of collective truth. Habermas regarded the hermeneutic developed by Dilthey and others as inadequate since according to him it provides no guarantee against achieving a false consensus rather than a true one. This simple hermeneutics - a term coined by Habermas - is more likely under present historical conditions to produce a false rather than a true consensus due to the following reason - practical questions can find solutions only in practical discourse. Practical discourse requires that the participants be sincere and authentic to themselves and to each other. But the method of simple hermeneutics is designed exclusively towards achieving an understanding of consciously expressed intentions. This approach automatically assumes the sincerity of the individuals,

thereby attributions of rationalization and self deception are not permitted in interpretations gained through simple hermeneutics. Habermas explains this drawback in terms of his belief that simple hermeneutics is merely a methodical extension of the process of arriving at an understanding which takes place in everyday communicative actions.

"Thus every consensus in which the understanding of meaning terminates is in principle subject to the suspicion of being pseudo communicatively forced; the ancients called it delusion, when under the appearance of a factual consensus misunderstanding and self-misunderstanding are perpetuated untouched".²⁹

Hence, as a remedy to this limitation, Habermas introduces his model of "pure communicative action". In this ideal speech situation, all the pre-conditions necessary for the rational justification of truth claims of assertions are present. The sole objective of the participants in an ideal speech situation is the rational justification of norms, and the mechanism adopted to realize this motive is the force of the better argument that is discourse. In an ideal speech situation the authenticity and sincerity of the participants is a necessary pre-condition. The participants must be given equal opportunities to air their opinions.

"The ideal speech situation is characterised formally by the symmetrical distribution of chances to assume dialogue roles, to select and employ speech acts. In particular, (1) all potential participants must have the same chance to initiate discourse and to perpetuate them through asking and answering questions, making and replying to objections, giving arguments and justification. This requirement ensures that all opinions and norms are potentially subject to discursive examination; (2) All participants must have the chance to express their feelings. This requirement ensures the authenticity of the participants, that is the transparency of their inner nature to themselves and each other; (3) All participants in interaction must have the same chance to give orders, to permit, to forbid, to give and to receive promises etc., in short, there must be a reciprocity in behaviour expectations which excludes all privileges in the sense of one sidedly binding norms."³⁰

As McCarthy says, the first and the third requirements taken together guarantee that discourse can be initiated whenever truth claims become problematic in interactions and that the discourses which are taken up are "pure" in that they are truly free from the constraints of action and reach consensus solely through the force of

the better argument. In fact, all the three conditions of an ideal speech situation represent linguistic conceptualizations of the ideals of truth, freedom and justice respectively. Their interlocking shows that truth cannot be analysed independently of freedom and justice.

Institutionally secured deviations from the ideal speech situation produce systematic distortions in communication, says Habermas. He cites repressive socialization processes as an example of such deviations which hinder self expression and produce neurotic disturbances. These repressive mechanisms come into existence following the suppression of individual needs and desires under conditions of scarcity. In due course of time, such repressive institutions become entrenched and are regarded by social being as natural and given. The objective power they assume prevent any form of discursive validation by acting subjects. As a result, pure communication is disrupted and certain intentions are rendered unconscious. These deviations manifest themselves in several forms. The break-down of the rules of the language game is perhaps the most significant manifestation. The interrelation of utterances, actions and expressions no longer conforms to the grammar of the language game. They have meaning as distortions in so far as they simultaneously express

and conceal unconscious intentions. Neurotic behaviour patterns have objective power over their victims, although they are produced by the victims themselves. The neurotic individual fails to understand his own actions which emerge from motives that, though these belonged to him, have been banished from his consciousness. This alienation from himself, a part of his own consciousness possessing objective power over him is what Freud calls "the internal foreign territory".

Habermas regards this discovery of Freud as a significant contribution to his theory of critical reflection. (It is here that we now turn our attention to the relation between psycho-analysis and critical theory.) The true meaning of the pathological patterns of a neurotic patient differs from the apparent meaning which is expressed in rationalizations. Rationalizations serve to conceal from the patient the true cause of his behaviour. Rationalizations can be criticized and seen through. Psychoanalysis helps the patient to accomplish this task by means of which he regains his rational powers and becomes the conscious author of his actions.

Habermas says that ideologies are also rationalizations writ large. He makes an interesting observation that ideologies serve to rationalize institutions and

not individual behaviour patterns. These rationalisations express conditions on the level of social institutions. For instance, the inability of social institutions to fulfil individual needs and gratifications are concealed by mechanisms of repression. These mechanisms, which assume a character as natural and real are made out of reach of discursive will-formation, and are legitimised through ideology. Nevertheless, since these ideologies are related to questions of social concern they too and the social institutions ^{they} seek to legitimise should be amenable to discursive will-formation. Such a procedure would invariably establish generalizable interests, those which all the members of a society would be in a position to acknowledge as legitimate, to be secured institutionally.³¹ Ideologies on the other hand, provide spurious support to the assumption of accountability and prevent discursive validation of social institutions by providing legitimation which concealed the non-generalizable nature of interest that are bred by these institutions. Ideologies also like rationalization express the irrational state of affairs in a disguised manner. However, they can be criticised and seen through.

Habermas regards this process as the prime task of a social theory which is critically reflective. Such a theory should also undertake the explication of the

origin of social institution with their non generalizable interests and simultaneously provide a critique of ideologies which secure such institutions. Habermas further adds that the inadequacy of the hermeneutic procedure as an exclusive social theory is its inability to provide a critique of ideology.

After this rather sketchy outline of the processes of enquiry and the eventual emergence of critical theory with an emancipatory interest as the most acceptable form of social enquiry a few questions remain unanswered. How can any objectivity be maintained for critical theory in the face of a partisan stance towards the life-world. Can a justifiable difference be made between critical theory and ideology? Both critical theory and ideology are guided by interests. Certainly the interests guiding critical theory are legitimate rather than those guiding ideology. The former pursues generalizable interests while the latter is constitutive of non-generalizable particular interests. Habermas argues for these differences in his theory of communicative competence. This theory which embodies the model of an ideal speech situation with norms of rational speech and the elimination of systematically distorted communication and has a direct relation to critical theory which pursues the same interests. The emancipatory interests aim at the

establishments of the norms for rational speech; universal autonomy and responsibility are realised only in the ideal speech situation. To quote Habermas "thus, the partisanship of critical theory is a partisanship in favour of the norms of the rational speech, so that the question of the legitimacy of the emancipatory interest reduces itself to that of the legitimacy of the norms of rational speech."³²

Habermas maintains that the legitimacy of these norms cannot be disputed because to dispute these norms would again require an act of communication and every act of communication implicitly endorses these norms. "Whenever we assume a theoretical attitude, whenever we engaged in discourse, indeed whenever we engage in communication at all, we thereby at least implicitly make certain presuppositions - namely that true propositions are preferable to false one, and that correct norms are preferable to incorrect ones;" and secondly, since, truth and correctness are secured only in the ideal speech situation, ^{every act of communication} is an endorsement of the ideal speech situation. "No matter how the inter-subjectivity of mutual understanding may be deemed, the design of a ideal speech situation is necessarily implied in the structure of potential speech, since all speeches, even

of intentional deception are oriented toward the idea of truth."³³

To use McCarthy's framework, Habermas' critical theory can be described as a three tier research programme. The foundation level consists of a general theory of communication - as Habermas calls it "a universal pragmatics". At the next level his theory serves as the basis for a theory of socialization in the form of a theory of "communicative competence" and finally at the highest level which builds on the level below it, he sketches a theory of "social evolution" which he views as a reconstruction of historical materialism. The task, as Habermas sees it, is to work out the unified framework in which the different dimensions of human development are not only analytically distinguished but in which their interconnections are also systematically taken into account. Beyond this, the empirical mechanisms and boundary conditions are to be specified. Habermas is still in the process of accomplishing this clearly immense task.

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CHAPTER II

HABERMAS' CRITIQUE OF LATE CAPITALIST SOCIETIES

In the present chapter, we shall discuss Habermas' notion of a social scientific concept of crises to analyse advanced Capitalist societies. Subsequently, we shall highlight crises tendencies in the economic and administrative systems and the crises of legitimation and motivation encountered by the state.

THE SOCIAL SCIENTIFIC CONCEPT OF CRISES:

The use of the expression 'Late Capitalism' automatically implies to Habermas that inspite of state intervention and support the contemporary phase of Capitalism is far from being able to follow a crises-free path of development. In other words, Habermas would agree with orthodox Marxism in arguing that crises or contradictions are endemic to Capitalism.¹ But where he departs from the orthodox position is in his claim that with the phenomena of state intervention and support the form of Capitalist development has undergone a transformation. As a result the forms of crises in advanced Capitalism have also been modified. Hence, he feels that it is important to reconstruct the concept of crises in the light of recent developments in the organisation and growth of Capitalism.

Habermas visualises his task as the establishment of a social scientific concept of crises. This he undertakes by partially dismissing and incorporating elements from the existing systems theoretic concept of crises.

According to the systems theoretic concept, crises arise when a social system fails to provide adequate scope for problem solution within the boundaries of the system. Accordingly, crises are seen as recurring disturbances of system integration that issue a threat to the continued existence of the system. Social systems are characterised by crises produced through structurally inherent system imperatives. Structural contradictions can only be differentiated if we identify structures essential for the continued existence of the system. Such essential structures must be further distinguished from elements of the system which can change without endangering the identity of the system.

In the case of organisms, they have clear cut spatial and temporal boundaries and the variation of their goal values can be empirically specified. Social systems, on the contrary have to operate within a constantly changing environment, hence their system elements and goal values

are subject to alterations. As a result, the boundaries of social systems cannot be clearly demarcated. The extent to which these alterations are possible without disturbing the continuity and endangering the identity of the system cannot be captured by the objectivistic framework of systems theory.²

According to an idealistic conception, a crisis situation can be identified only when structural alterations place the continued existence and the social identity of the system in jeopardy. Crises must assume the form of a disintegration of social institutions; hence, disturbances of system integration which merely affect social integration cannot be regarded as signs of structural crises.

Habermas, however, is aware of the limitations of this idealistic notion of crisis. His contention is that it would be difficult to delineate crisis ideologies from actual experiences of crisis if crises were to be identified always on the basis of human experiences. On the contrary, crises situations issue from unresolved "steering problems". These steering problems which are projected as secondary problems (problems of economic crisis) endanger social integration affecting the members of a society by way of threatening their identity. But

the question here is how and when do steering problems arise?³

The social scientific concept of crises addresses itself precisely to this fundamental question. In liberal Capitalism, class relationships are institutionalised in the labour market and therefore assume an anonymous unpolitical form. In such a situation the contradiction rooted in the opposition of class interests does not come to the fore directly in class conflict, but is reflected through the contradiction of steering imperatives.⁴

Here, it is crucial to understand Marx's analysis of liberal Capitalism. The accumulation process must be understood in its various facets. The process of capital accumulation is intrinsically linked to private appropriation of surplus value. On the one hand we have the accumulation of exchange and use values by relatively raising the surplus value. On the other side, we have the self negating pattern of capital accumulation whereby the composition of capital is altered to the detriment of variable capital which alone is productive of surplus value. From this analysis Marx derives the tendency towards the falling rate of profit resulting in the lack of incentives to invest and thus the eventual collapse of capitalism itself.⁵ Marx's

theory of value is an economic analysis of the capitalist accumulation process and as such a systems-theoretic analysis.

Habermas points out that the economic crises under liberal capitalism analysed by Marx is a concrete example of the transformation of the opposition of class interests into economic steering problems. Conversely, economic crises also express themselves through social processes. For instance, the accumulation process which is marked by destruction of elements of capital is reflected in the social process through the loss of individual capital and the deprivation of labourers of their means of subsistence. In advanced capitalism, Habermas contrasts, class conflict is obscured behind conflicts which however do not affect the central structure of society.⁶ Economic crises result from contradictory system imperatives and threaten system integration. This phenomenon has a counterpart in the social system where collisions between the different interest groups exercise a disturbing impact on the identity of the social system.

Habermas' social scientific concept of crises focusses on understanding crises on two levels, through the vantage points of the System and the Life-world. The substance of his concept can be best understood by

recognising the interconnections between the System and the Life-world.⁷ The two are complementary to each other and cannot be understood in isolation. The existing systems theoretic concept emphasises exclusively on system imperatives while the idealist concept focusses solely on the Life-world.

Marx's analysis of capitalism is an example of the first fallacy and subsequent orthodox Marxist attempts in the direction of a sociological retranslation of economic processes of crises to study organised capitalism leads to difficulties. Mere adherence to the orthodox position leads to underestimating important aspects of administrative intervention in advanced capitalism. On the contrary the social scientific concept of crisis devised by Habermas pays enough attention to the steering problems and the resulting economic crisis on the one hand plus the simultaneous phenomenon of class conflict in the socio cultural system. Thus, both System and Life-world find adequate explanation in Habermas's concept.

His writings are a progression from the systems analytic understanding of the economic processes of crises to a necessary departure into the social crisis through the concept of the Life-world. It is this application of diverse concepts which brings out the distinctive

contribution of Habermas vis-a-vis the orthodox position.

CRISES TENDENCIES IN ADVANCED CAPITALISM:

In the present section, we shall discuss how Habermas's critique subscribes broadly to a Marxist position but with important differences, with the orthodox characterisation. From there on we shall consider crises tendencies in advanced capitalism as examined by Habermas. He anticipates tendencies of crises in the economic and the political administrative spheres of the state in late capitalism. He also envisages situations of crises resulting from the deficits that arise in the legitimation and motivation capacities of the state. These four tendencies Habermas says either singularly or in any possible combination could erupt into an inevitable crisis. But to argue that a crisis could occur is not to argue that a crisis will occur and it is in this sense that Habermas differs from the orthodox position which holds fast to the idea of the inevitability of crises of capitalism.

According to Habermas crises tendencies in advanced capitalism can no longer be located immediately in the economic sphere for they have been displaced into the political administrative system. Since the rationality system is not adequately distanced from the political

system, deficits in rationality are liable to result in deficits in legitimation for the political system. In this way he makes a case for ^a legitimation crisis and not an economic crisis. It would be necessary to note at the outset that Habermas's arguments provide only a hypothetical sketch and do not offer any theoretical certainty.⁸

ECONOMIC CRISES TENDENCIES:

Despite having considerable advantages as an analysis of Liberal Capitalism, Habermas maintains that Marx's analysis of political economy can no longer be applied to late capitalism. He expresses the limitations of holding fast dogmatically to the classical position in the context of the altered conditions of the relationship between the state and the economy in advanced Capitalism. He holds that the basic contradiction between wage labour and capital, or the private appropriation of public wealth, or to express it in Habermas' own language "the suppression of generalisable interests by treating them as particular ", remain the same in late capitalism but the relations of production including the mechanisms of the production of surplus value have undergone modifications. In other words, the prerequisites for the continued existence of the Capitalist mode of production continue to remain

the same. But the relations of production have altered. The latter is due to a new dimension in the relations between the state and the economy.

The state in advanced capitalism not only fulfils the general conditions for capital accumulation but is instrumental to the realization process. It represents the collective capitalist interests as a whole vis-a-vis the interests of individual capitalist and the generalisable interests of the population. At the same time the state intervenes in the production process to fill in functional gaps of the market, to create conditions for the utilization of capital, to curb the externalized costs of capitalist production and so on. Thus the state apparatus performs contradictory functions of helping and hindering which have the net effect of contributing to the accumulation process. "State interventions are nonetheless actions - although instrumental for capital realization - of a non-capitalist who vicariously asserts the collective capitalist will"⁹.

With the increase in the functions of the state, the economic sphere in the advanced capitalist state has lost in vigour and autonomy characteristic of the liberal phase. This phenomenon can be explained by the fact that

capitalist crises - in the liberal phase - which was essentially the result of the assumption of socially integrative functions by a sphere (economy) primarily concerned with system integrative functions had to respond to the takeover of socially integrative tasks by the state apparatus and the repoliticization of the relations of production. Here, the reference is made to the market's primary function of ensuring that the accumulation process continues unabated and by virtue of this efficient management of the economy problems in the sphere of the socio-cultural system can be amicably settled by the same logic of the market. However, such a uniformity no longer exists under conditions of advanced capitalism where the state power mediates between, on the one hand, guarantees for the continuation of capital accumulation and on the other hand, the demands and claims of problem groups outside the labour market. This has also dismissed the myth that in Liberal Capitalism equivalents are exchanged.

Thus, today the state and the economy perform complementary functions in the accumulation process; the one is not independent of the other. The state simultaneously acts as an instrument of the accumulation process and also as a capitalist planning authority

attempting to remedy the disturbances of capitalist growth. Hence, the orthodox Marxist position that the state allows the unplanned nature - like process of capital accumulation and the revisionist version which subscribes to the agency theory of the state suffer from serious drawbacks. The former gives too little importance to the role of the state while the latter emphasizes too much on the working of the administrative machinery of the state.¹⁰

With this brief note on the differences in functions and relations between the state and the economy let us return our attention to two characteristic features of advanced capitalism which highlight the changes in the relations of production that call for state intervention: (i) the altered form of the production of surplus value, and (ii) a quasi-political wage structure reflecting a class-compromise.

Governmental activity in advanced capitalism has considerably altered the production of surplus value. When the production of absolute surplus value had run up against natural boundaries i.e., when the employment of underpaid and underaged labour force and ^{lengthy} working hours evoked organised working class movements, the state had to intervene to fill in functional gaps

and to discover alternative avenues for the generation of surplus value. Subsequently, we have the emergence of the public sector which takes charge of the production of collective commodities such as transportation, communication, health, housing, city planning, science, research and development. The state improves the productivity of labour through general education, vocational schools, training programmes, and so on. Once these infrastructural prerequisites have been met, the state purchases reflexive labour, ~~that~~ is the indirectly productive capacity of technicians, engineers, teachers and others with the aim of increasing the productivity of labour. Whether the raising of surplus value through reflexive labour is greater than the conventional forms of producing surplus value is an empirical question. But the point to be underlined is that the orthodox standpoint of viewing reflexive labour as unproductive in the accumulation process is to overlook the whole gamut of governmental activity in the production process.¹¹

In the capital and growth intensive sectors of the economy it has been possible to mitigate class conflict through major compromises between big business associations and trade unions in determining the price of labour power. As a result, price competition, has been replaced by

price setting also in oligopolistic industries, and this has a counterpart in the political price that the commodity called labour receives. Adhering obstinately to the conceptual strategy of value theory, one can equate average wages with the costs of the reproduction of labour power. But in doing so, one would ignore the relative stability achieved through the political organisation of class struggle by unionization.

The issue at hand is that the relations of production have been repoliticized and a political dimension has entered into the Value theory. The state has assumed market supplementing and market replacing functions. Hence, the arguments for the validity of crises theory of a purely economic nature are not decisive. Since the real income of the wage workers depends not only on exchange relations in the market, but on relations of political power and since whatever happens in the economy is a function of government activity, the arguments in favour or against crises tendencies in advanced capitalism has to be on the basis of the working of the administrative machinery: its nature and limitations. One can infer from Habermas's arguments that economic crises can be permanently averted in advanced capitalism following administrative takeover of steering performances.¹²

RATIONALITY CRISES TENDENCIES:

The theorem of a rationality crises is modelled on that of the economic crises. It is also a form of systems crisis where problems of system integration are reflected in the disturbance of social integration. However, the steering mechanism in question is not the market mechanism with the inherent justice of the exchange of equivalents, but a state apparatus performing diverse functions.¹³

As a result of a class compromise, the administrative system is able to mediate between the contradictory claims of its clients and perform functions conducive for the uninterrupted accumulation of capital. Its foremost concern is the attainment of an equilibrium amidst discrepant claims. Shortcomings in administrative rationality occur, when the state apparatus fails to fulfil imperatives issuing from the economic system. In this sense, rationality crises could be regarded as displaced economic crises, but there are important differences between them. Obviously, market regulation and administrative intervention have their own logic.

The government has to allocate its resources in such a manner that it can simultaneously ascertain the continuation of the realization process as well as compensating for economic bottlenecks that result in rationality and legitimation deficits. "The government budget is burdened

with the common costs of a more and more socialized production. It bears the cost of imperialistic market strategies and the costs of demands for unproductive commodities. It bears the infrastructural costs directly related to production. It bears the costs of social consumption indirectly related to production. It bears the costs of social welfare especially unemployment; and finally it also bears the externalised costs of environmental strain arising out of private production. In the end, these expenditures have to be financed through tax. The state apparatus is therefore faced simultaneously with two tasks. On the one hand, it is supposed to raise the requisite amount of taxes by skimming off profits and income and to use the available taxes so rationally that crises ridden disturbances of growth can be avoided. On the other hand, the selective raising of taxes, the discernible pattern of priorities in their use and the administrative performances themselves must be so constituted that the need for legitimation can be satisfied as it arises. If the state fails in the former task, there is a deficit in the administrative rationality. If it fails in the latter task, a deficit in legitimation results."¹⁴

Habermas examines various circumstances in which the administrative system falls into a rationality deficit. Firstly, the imperatives which ensure the persistence of the realization process with crises-ridden disturbances of growth are operative within the administrative system. The authorities manning the different planning bureaucracies are unable to maintain the distance necessary for independent decision making due to the lack of adequate information and poor co-ordination amongst themselves. The state assumes the character of a collective capitalist while individual capitalists cannot pursue a collective capitalist interest as long as the freedom of investment is not eliminated. "Thus arise the mutually contradictory imperatives of expanding the planning capacity of the State with the aim of a collective capitalist planning and yet blocking precisely this expansion which would threaten the continued existence of capitalism. The state apparatus vacillates between expected intervention and forced withdrawal of intervention, between becoming independent of its clients in a way that threatens the system and subordinating itself to their particular interests."¹⁵

Habermas mentions three objections to the above argument, rejecting the incongruity between intervention

and withdrawal of intervention. Firstly, since the fundamental contradictions of capitalism have been transformed from the economic into the administrative system, the terms of their possible resolution are also different. In the economic system, contradictions are expressed directly in the imbalance between values and indirectly in the deprivation of the means of subsistence as a result of capital destruction. On the other hand, contradictions in the administrative sphere are reflected in administrative decisions and in the failure of administrative actions (unemployment and bankruptcy). Secondly, the dimensions of gain and loss are key determinants in the functioning of the economic system. The controlling principle of maximisation of gain cannot be dispensed with. The administrative system as such has come into existence mainly as a result of a compromise path carried out amidst contradictory claims. Moreover, a limited manoeuvrability of the administrative system is evident from the reactive manner in which avoidance strategies operate. Thirdly, it is argued that in the context of collective administrative action, crises tendencies lose their nature-like unconscious character, whereas decisions in the market oriented system can have unanticipated

side effects. In the former, crises avoidance is the key consideration. Hence in the administrative processing of crises-ridden disturbances of growth, there is no perceptible distinction between nature-like processes and planning. There are thus no incompatibilities between global planning and freedom of investment, independence of the state apparatus and its dependency on the individual capitalist interests. It might therefore be possible that the administrative system will develop alternative procedures to accommodate competing claims and allow a sufficient amount of organisational rationality.¹⁶

In addition, Habermas observes that the political character now assumed by a previously market rational decision, the spread of patterns of orientation detrimental to the system and the politicization of occupational spheres do not amount to a narrowing down of planning rationality in advanced capitalism. The problem according to Habermas is that the administrative system is not able to motivate its partners to co-operate, and monetary values such as interest rates, subsidies and so on have lost their steering effect as abstract orientations to the exchange value have become weaker. Thus the resultant crises tendencies cannot be merely explained as consequence of rationality deficits but as an absence of adequate motivations.¹⁷

LEGITIMATION CRISES TENDENCIES:

Let us now turn to another aspect of the capacity of the political system to discharge the necessary planning functions; namely, the securing of legitimation. If administrative functions are not backed up by mass loyalty there arises a legitimation crisis. In making this statement, we suggest that the administrative system is not sufficiently distanced from the political or the legitimation system, so much so that the former is dependent on the support from the latter. Similarly, administrative performances have a direct bearing on the political system. The fact that both rationality and legitimation crises arise within the political system brings to light the interconnections between the two; yet, they are importantly different. Rationality crises are displaced system crises in the sense that they arise when the state apparatus cannot steer the economic system under given limiting conditions. Such a threat to system integration leads to a withdrawal of legitimation, a threat to social integration. In this way, rationality crises are indirectly legitimation crises as well. By contrast, legitimation crises are not directly system crises but crises that are a direct threat to social integration.¹⁸

Once, crisis symptoms in the economic sphere have been transplanted into the administrative system public planning is deemed answerable to major contingencies of economic bottlenecks. If governmental functions fail to fulfil public demands there results a withdrawal of mass loyalty. "Because the economic crises have been intercepted and transformed into a systematic overloading of the public budget, it has put off the mantle of a nature like fate of society. If governmental crises management fails, it lags behind programmatic demands that it has placed on itself. The penalty for this failure is the withdrawal of legitimation. Thus the scope for action contracts precisely at those moments in which it needs to be drastically expanded."¹⁹

At the same time, if the continuation of the Capitalist principle of organisation is to be ensured, economic growth has to be achieved in accord with private goals of profit maximisation. It is precisely because these private goals have lost the appearance of being natural that there arises the need for legitimation. In this sense the basic contradiction of advanced Capitalism is very much the private appropriation of public wealth, and the class structure perpetuates the

legitimation problem of "how to distribute the social product inequitably and yet legitimately." Since the appeal to the inherent justice of the market no longer holds good, there arises the need for an alternative legitimating mechanism.

With the repoliticization of the relations of production and its active involvement in the production process of Organised Capitalism, the state is faced with an ever increasing need for legitimation. The mode of legitimation is no longer through the residues of tradition which have been worn out during the course of Capitalist development. The problem is solved through the adaptation of a system of formal democracy which secures a diffuse mass loyalty and the required independence of administrative decision making from the specific interests of the citizens. The idea is that substantive democracy - that is the genuine participation of the citizens in the process of political will formation - would bring to the fore the contradiction between administratively socialized production and the private accumulation of Capital. In order to avert such a situation, it is necessary that the administrative system be independent of the legitimating system. This end is met by the existence of a depoliticized public realm whose functions boil down

merely to periodic plebiscites in which acclamation is granted or withheld. "The public realm is anchored in the system of Civil privatism - political abstinence combined with an orientation to career, leisure and consumption - which promotes the expectation of suitable rewards within the system, (money, leisure-time and security). This involves a "high output low input" orientation of the citizens vis-a-vis the government; an orientation that is reciprocated in the Welfare State Programme of the latter. It is also based on a familial vocational privatism that consists in a family orientation with developed interests in consumption of leisure on the one hand and in a career orientation suitable to status competition on the other. This orientation corresponds to the structures of the educational and occupational systems. Furthermore, the structural depoliticization of the public sphere is itself justified by democratic elite theories or by technocratic systems theories which like the classical doctrine of political economy suggest the naturalness of the existing organisation of society.²⁰

In other words, civil and vocational privatism performed functions of social integration before the phase of administrative intervention. Until the market mechanism was founded on the myth of the exchange of

equivalence, the civil privatism provided the normative foundations for the socio-cultural order and thus for the continued existence of the system as a whole. But with the increasing proportion of crises in capitalist growth that makes the administrative takeover of steering functions inevitable, the situation is different.

According to Habermas, the spread of administrative rationality which undermines civil and vocational privatism leads to legitimation deficits. The autonomy of the public sphere is eroded with the repoliticization of matters once taken for granted as belonging to the purview of tradition. Legitimation of deficit means that the administrative system is unable to maintain the required normative structures. With the expansion of administrative rationality, the political system shifts its boundaries into the cultural system. As a result, traditions are undermined and weakened. They lose their function of legitimation as they come under administrative manipulation. The administrative processing of sectors of social life previously controlled by the private sphere produces the unintended side effect undermining traditional legitimation. It publicly thematizes meanings and norms once culturally taken for granted. Example of direct administrative processing of cultural traditions are educational planning,

regional and city planning, the health systems and finally family planning and marriage laws. Curriculum planning in the past merely endorsed a canon that took shape in a nature-like manner and in conformity with existent traditions and values. Present curriculum, on the contrary, questions the validity of traditional patterns. Thus administrative rationality creates an awareness not only of the limits of contents of tradition but also of the techniques of manipulating tradition. The administrative system is responsible for every move that results in intrusion into the private sphere and thereby producing the contradictory effects of an increase in the scope for discursive will-formation detrimental to the continued existence of the system. "At every level, administrative planning produces unintended unsettling and publicizing effects. These effects weaken the justification potential of traditions that have been flushed out of their nature-like course of development. Once their unquestionable character has been destroyed, the stabilisation of validity claims can succeed only through discourse. The steering up of cultural affairs that are taken for granted thus furthers the politicization of areas of life previously assigned to the private sphere. But this development

signifies for the civil privatism that is secured informally through the structures of the public realm. Efforts at participation and the plethora of alternative models - especially in cultural spheres such as school, university, press, Church, theatre, publishing etc. - are indicators of this danger as is the increasing number of citizen initiation."²¹

Demands for end attempts at participatory planning is another dimension of the problem. As part of the innovations in the planning process the administration experiments with the participation of the affected parties. The extent and the level of participatory planning are not clear. However, participatory planning beyond a point would mean that the administrative system is faced with contradictory claims - on the one hand, "excessive demands, resulting from legitimation claims that the administration cannot satisfy under conditions of an asymmetrical class compromise, and conservative resistance to planning which contrasts the horizon of planning and lowers the degree of innovation possible."²² Hence participatory planning may have to be closed as an option for overcoming legitimation deficits.

The above arguments lend support to the claim that legitimation deficits are evident in advanced capitalism

but they do not suffice to conclude that these deficits would lead eventually to a legitimation crisis, because the possibility of resolving these deficits cannot be ruled out from the start. Although the takeover of the cultural system by the state as we have discussed earlier only increase problems of legitimacy, Habermas suggests a way out of this dilemma. A decrease in legitimacy he says can be offset by rewards conforming to the system; that is expectations oriented to use values namely, money, success, leisure, security and the like can be ensured to the civil public. Afterall, the postwar arrangement of the Welfare State can maintain a sufficient amount of civil privatism and ensure that legitimation deficits do not lead to a legitimation crises. The conclusion Habermas arrives at is that only a rigid socio-cultural system which cannot be functionalised at will to meet the requirements of the administrative system would be led into a legitimation crises. But the situation at hand is one of a contradiction between the need for motivation supplied by the state, the educational system and the occupational system on the one hand and the motivation supplied by the socio-cultural system on the other. Thus he focusses ^{on} now the limits set by normative structures for the governmental procurement of legitimation.²³

MOTIVATION CRISES TENDENCIES:

It is abundantly clear that the arguments for a legitimation crisis and a motivation crisis are closely intertwined. Both are centred around the changes that take place in the socio-cultural system, changes that disrupt the complementarity between the requirements of the state apparatus and the occupational system on the one hand and the definition of needs and legitimate expectations of the members of the society on the other.²⁴

According to Habermas a motivation crisis arises "when the socio-cultural system changes in such a way that its output becomes dysfunctional for the state and for the system of social labour. The most important motivation contributed by the sociocultural system in advanced capitalist societies consists of syndromes of Civil and familial vocational privatism."²⁵ These syndromes have already been indicated in the preceding section. However to recapitulate, civil privatism breeds a depoliticized public realm, generating an interest in steering and maintenance functions of the system and allowing little participation in the legitimising process, excepting participation corresponding to formal democratic procedures. Habermas draws this idea from Kornhauser's theory of mass society. Here, the idea of mass participation is merely restricted to participation in the

electoral process and systematically eliminating issues of fundamental nature from public discussion.

Familial vocational privatism which supplements civil privatism corresponds to educational systems oriented to competition through achievement. Both these patterns of motivations are essential for the continued existence of the economic and political systems. Habermas maintains that these syndromes are being systematically destroyed to the point where the need for motives created by the socio-cultural system is in conflict with the need for motivation created by the state, the legitimation system and the occupation system. He establishes the dimension of these syndromes by demonstrating that the traditions in the context of which they were produced, have been eroded. Moreover, there are no functional equivalents for the exhausted tradition in advanced capitalism.

Although Habermas understands the significance of the ideology of fair exchange in liberal capitalism he does not consider it to have been the sole source of socio-cultural support for the continued existence of the system. Bourgeois societies always depend on motivationally effective support from traditional world views

such as religion, traditionalistic civil ethic, vocational ethos of the middle class, the fatalism of the lower classes and an essentially bourgeois value orientations such as Possessive Individualism and Benthamite Utilitarianism.²⁶

However, the process of capitalist growth has itself undermined the residues of pre-bourgeois traditions on which liberal capitalism parasitically fed. This is particularly true of the syndrome of civil privatism.²⁷

As and when needs arise, it draws upon traditions of bourgeois formal law and also upon traditionalistic civil ethic. It has been amply substantiated that bourgeois formal democracies owe their stability to a mixed political culture. The demand for an active civil participation in a democratically organised will formation conceals the actual operative mechanism of authoritarian patterns remaining from pre-bourgeois traditions and thereby screening out participatory behavioral expectations out of bourgeois ideologies.

The syndrome of familial vocational privatism can also be analysed from similar viewpoints. On the one hand, it is based on the essentially bourgeois orientations of Possessive Individualism and Benthamite Utilitarianism. On the other hand, the achievement oriented vocational ethos of the middle class as well as the fatalism of the

lower classes need to be secured through religious traditions. These traditions are represented through educational patterns and corresponding family structures and techniques of child-rearing. "The educational processes lead to motivational structures that are class specific, that is to the repressive authority of conscience and an individualistic achievement orientation among the bourgeoisie, and to external super-ego structures and the conventional work morality in the lower classes. The Protestant Ethic with its emphasis on self discipline, vocationalised secularised ethos, and renunciation of immediate gratification is no less based on tradition than its traditionalistic counterpart of uncovered obedience, fatalism and orientation to immediate gratification. These traditions cannot be renewed on the basis of bourgeois society alone."²⁸ Civil and familial vocational privatism are undermined once they are ripped of their traditionalistic foundations. This occurs as a result of the incompatibility between traditional world views and the growing expansion of rationalization of spheres once culturally taken for granted. The spread of scientific and technological modes of thought also prove detrimental to the persistence of traditional world views.

Core components of bourgeois ideology such as Possessive Individualism and orientation to exchange value are also losing ~~an~~ importance following changes in the social fabric. The market mechanism has lost its credibility as a fair mechanism for the allocational rewards. As a result, the achievement ideology - the idea that social rewards are distributed on the basis of individual achievement - has become problematic. The widening gap between formal educational and occupational success is also seen through; thus it fails to provide an alternative for the weaknesses of the market mechanism. The equalisation of standards of the lower income groups and of those living on social welfare and unemployment benefits has led to the lack of motivation to achieve. The welfare state is rather comfortable and secure abode that the satisfaction of basic needs is no more an important consideration, in the eyes of the civil public. The growth of occupational spheres detached from the market mechanism and the rise in segments of the population who do not reproduce their lives through the labour market has also weakened orientations to exchange values. As leisure pursuits acquire an increasing prominence needs that cannot be monetarily satisfied expand.

These arguments while suggestive are clearly not decisive to predict a motivational crisis. That pre-

bourgeois traditions have been eroded is a well documented fact but it is doubtful whether orientations towards welfare statism, exchange value consumerism and the like have diminished to a point where one can forecast a motivation crisis. Although normative structures and motivational patterns are undergoing profound changes, the question, as McCarthy points out, is, "where will they lead to?"

One possibility could be that capitalist societies through their welfare state mechanisms would be able to regenerate these motivational patterns and normative structures through additional instalments of use values and similar rewards. If this were the case, problem groups existing on the margins of these societies could well be integrated into the system and their attitudes could be moulded to one of contentment and passivity.

At another level, renewed forms of mobilising political opinion towards certain key issues such as the ecological balance and nuclear disarmament could be further extended to include issues pertaining to the psychological and similar problems of individuation that are being increasingly reflected amongst individuals and social groups. Yet, inspite of these considerations

the possibility of revolutionary strategy to address problems of the kind mentioned above seem rather remote.

Given that Habermas' writings are not addressed to any specific political party or other strategic organs upon whom the responsibility of practical implementation could be vested, little could be expected (excepting mere intellectual response) in the form of concrete political action. His more explicit addresses namely the student movements and adolescent groups are unlikely to carry the weight of initiating alternative modes of political action but on the contrary might reconcile to the existing abode of welfare state organisation of social life. In any case, as stated at the very outset, Habermas' arguments are predictive in nature and require a sound empirical grounding, until which time their tentative nature would have to be reckoned with.

Notes & References:

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2. Ibid., p.3.
3. Ibid., p.4.
4. Ibid., p.23.
5. Ibid., pp.25-26.
6. Held, David, Introduction to Critical Theory, London, 1980, p.226.
7. For a lucid explanation of system integration and social integration or system and Life world, see Jurgen Habermas, op. cit., pp.4-5.
8. McCarthy, Thomas, The Critical Theory of Jurgen Habermas, Polity Press, Oxford, p.360.
9. Jurgen Habermas, op. cit., p.51.
10. For further elaboration on the same, refer to Habermas, op. cit.
11. For a detailed account of governmental and administrative activity in organised Capitalism refer to the chapter on Descriptive Model of Advanced Capitalism from Habermas, op. cit.
12. Jurgen Habermas, op. cit., pp.45-46, 50-61; also see McCarthy Thomas, Op. cit., pp.360-66.
13. Ibid., p.366.
14. Jurgen Habermas, op. cit., pp.61-62.
15. Ibid., pp.62-63.
16. Ibid., pp.63-64.
17. Ibid., p.67.
18. McCarthy, Thomas, op. cit., p.367.

19. Jurgen Habermas, op. cit., p.69.
20. McCarthy, Thomas, op. cit., p.369.
21. Jurgen Habermas, op. cit., p.72.
22. Ibid., pp.72-73.
23. Ibid., p.74.
24. McCarthy, Thomas, op. cit., p.371.
25. Jurgen Habermas, op. cit., p.75.
26. McCarthy, Thomas, op. cit., p.372.
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28. Ibid., p.77.

CHAPTER III

CLAUS OFFE'S CRITIQUE OF ADVANCED CAPITALIST SOCIETIES

There's an enormous literature on the efficiency and effectiveness of strategies of political administrative intervention in the modern welfare states of Western Europe and Northern America. Much empirical data has been furnished in support of the regulatory activities of the contemporary state and the resulting dubious stability in the Western societies. Yet these attempts fall short of providing satisfactory answers to some of the glaring contradictions that have been manifest during the last decade or so, with the end of the long span of relatively high rates of productivity.

Offe addresses himself precisely to these latter concerns. Why are the regulatory measures of the advanced capitalist state so ineffective in spite of several attempts towards their improvement?

To begin with, his preoccupation is with the question of **h**ow and **w**hy capitalist systems have been able to survive so far even in the absence of a rigorous ideology to sustain them. The classical Marxist response to this question would be in the form of the postponement of the

point in time at which the internal contradictions of the system would fuse into a crisis; or from the opposite point of view the stabilising activities of the interventionist state would be emphasized. But to Offe both these responses are defective. Instead, viewed in its totality the problem appears to lie "neither in 'crises' nor 'crises management' but rather, 'crisis of crisis management' as a constant."¹

Offe's construction of a crisis theory emanates from the critical theorists felt need for an alternative approach to the understanding of the social processes of late capitalist societies. He builds his model with a brief examination of the prevailing "sporadic" and "processual" notions of crisis and pointing out their inadequacies to the study of crisis tendencies in advanced capitalism.

At a general level, one could say that a crisis endangers - in terms of destroying or partially distorting - the identity of a system. According to a first approach the totality of events that can possibly take place within the boundaries of a system determines and shapes the identity of that system. Consequently, we characterize a situation as crisis ridden as soon as we identify events which are not prescribed within the boundary conditions

of the system. In other words a crisis is that process which is alien or a dysjunction from the normal course of events. It is also sudden, unanticipated and short lived. This notion of a sporadic crisis concept leaves no room to forecast a crisis situation. Moreover, it obscures the connection between the events and the structure of the system. Categorical distinctions between events provided for and those which are not is difficult to deduce. "Crises endanger the identity of a system. According to a first approach, identity can be defined in relation to the total range of events possible in the system. Seen from this point of view, the system would be endangered whenever events occur that lie outside the boundaries determined by the system. The point of departure of a sporadic crisis concept is the notion that crises are particularly acute, catastrophic, surprising and unforeseeable events which consequently necessitate a decision making process under the pressure of time. The crisis would thus seem as an event or as a chain of events confined to one point in time or a short period of time. This makes it difficult to describe the tendency towards crisis or crisis-proneness of a social system. This type of crisis concept fails to systematically link events with the structures of the system in the

sense that the crisis event or the defencelessness against it is not seen as a characteristic quality of the system... In the analysis of the society as a whole however, any conceptual strategy which conceives of crises as events that are neither anticipated nor provided for encounters different problems."²

The second approach enjoys a relative superiority over the first in view of its investigation into the causal mechanisms behind the crisis events. Furthermore, it enables to delineate crisis prone tendencies from the characteristic tenets of a system. It does not see the crisis phenomena as necessarily destructive of the system. However, the ascription of clear cut boundaries for the mechanisms generating these events is a major drawback in this second approach. "The alternative approach conceives crisis not at the level of events but rather at the superordinate level of mechanisms that generate events. According to this definition, crises are processes that violate the grammar of social processes. Such a definition favours a processual concept of crisis. Crises are developmental tendencies that can be confronted with counteracting tendencies which means that the outcome of crisis is quite unpredictable."³

Today, capitalist societies are characterised by the fact that the organisational principle of exchange is predominant. The flanking subsistence of the normative and political spheres also perform functions of positive subordination for the overarching principle. (Refer pp.7 & 9 of this chapter.) Given the subsumption of socio-political relationships by the overarching sphere of exchange today, a crisis theory of capitalist social systems should locate these mechanisms that question the dominance of this sphere of exchange. This requirement is fulfilled by the theory of historical materialism which demonstrates how the processes organised through the principle of exchange produce results over which it has no control and which are detrimental to it in the long run. A more specific example would be the theory of the falling rate of profit.

secondly, the theory of the systemic crisis of capitalist societies examines crisis tendencies not merely in the sphere of exchange, but rather the interaction between this sphere and the other two organisational principles of society namely those of the normative and political, coercive principles. The relationship between these principles is two fold in nature - the first namely positive subordination, refers to a process of accommodation

whereby the two subsidiary principles function in tune with the dominant principle of exchange and the sphere of the economy determined thereupon. On the contrary, the second relationship namely, that of negative subordination implies guarding the sphere of exchange from encroachments by the other two spheres. "The production of complementary functions is what matters in positive subordination. In contrast, in negative subordination, the dominance of the economic system over the two subsystems depends on whether given the possibility of the partial functional irrelevance of the two subsystems for the economic system, the boundaries between the respective systems can be stabilized so that the economic system is able to prevent the alternative organizational principles of the normative and state power systems from interfering with its own domain of the production and distribution of goods."⁴

The inference drawn from the above arguments is that the overlap between the economic system on the one hand and the normative and political coercive spheres on the other is prone to crisis. (See p.12 in this chapter.)

A crises free path of capitalist expansion is conceivable only in the event of a harmonious interaction

amongst the 3 organisational principles, i.e. when the conditions for the ideological and political subsistence are produced in capitalist societies and alternatively when the former systems also prepare the grounds for the reproduction of capitalist relations.

This positive subordination does not persist once the complementary relation between the economic system and the political administrative system, or a relationship of mutual interdependency amongst the 3 principles does not exist. This breeds phenomena which are detrimental to capital, thus calling for a negative subordination of the political and normative spheres by the exchange principle. "The relationship between the economic system and the normative and political systems can be necessary in the sense that the structures of the latter are genetically dependent on the economic system. Necessity here means the genetic relationship of determination. The concept of necessity can also acquire a completely different meaning; namely that the ideological and political subsistence are necessary for the reproduction of the economic system. One can speak of positive subordination in the above sense only if both elements of the concept of necessity coincide - in other words, only if the conditions of the ideological and political systems are

not only produced in a capitalist society but are also required for the reproduction of the capitalist economy. On the other hand, the problems associated with negative subordination - the interference of the logic of subsistence and their insulation from each other - arise only when the genetic and the functional aspects of necessity no longer coincide. This non-coincidence is characterised by the necessary production of phenomena and structures which are nevertheless not required by the capitalist economic structure that produces them."⁵

By drawing upon several examples Offe demonstrates that non-market organisational forms are fast emerging which the principle of exchange cannot regulate. These non-integrable by-products of capitalist accumulation are increasing without in any way positively contributing to the creation of surplus value. Thus they are of concern to capital from the negative point of view of how their expansion and resulting encroachments on the exchange sphere can be checked. In undertaking this task it resorts to mechanisms of negative subordination or closing of these non-market organisations. "It is not the offensive opening up of sources of value, and conditions for the creation of surplus value; but rather the defensive exclusion, prevention and avoidance of extra-territorial

and non-market structures that is characteristic of the system problems of capitalist development today".⁶ But this solution is not too simple either as we shall see now.

A complete positive subordination of the political, administrative and normative spheres to the sphere of exchange is conceivable only in a harmonious economic system that is self-regulative. But this is not the case in actuality. Capitalism necessarily involves a contradictory path and produces processes of socialization, that is, "a growing division and differentiation of labour and other functions as well as growing interdependence between the elements of the social system."⁷

Socialization is a resultant problem of market exchanges between commodity owners, and, ironically enough, this creates conditions which obstruct the operation of this very principle. The inability of the exchange mechanism to compensate for these dysfunctional side-effects calls for extra territorial regulation of the market mechanism. It is at this juncture that the political, administrative and normative systems become crucial and functionally relevant for the economic system in a specific sense. They call for a loosening of the ties of positive subordination in order to enable

themselves to set right the self obstructive - which nonetheless is incapable of repairing by itself - side-effects which the economy generates. The greater the requirement of this additional regulative mechanism, the greater the dissolution of the relations of positive subordination. The newly devised therapy of intervention by state power has to ensure that the self obstructive processes of socialization triggered by capital are duly compensated by adequate, administratively coordinated measures, for example, taxation, public policy, unemployment compensation, pension for the aged and so forth, without at the same time endangering the identity of the system as one dominated by exchange. The failure to ensure undistortion of this identity would unleash such blackmail measures as the investment strike - capital's *Key* weapon - which would prove the innovation of state intervention itself as self defeating if not counter-productive." The state protects the capital relation from the social conditions it produces without being able to alter the status of this relationship as the dominant relationship; to do otherwise would sanction such mechanisms as the investment strike which would make the therapy more harmful than the illness it was designed to cure. This precarious double function of the capitalist state continuously demands a combination of intervention and abstention

from intervention of planning and freedom - in short, it demands an opportunism whose adherence to its own principles is absolutely *unswerving*." ⁸

Thus the interventionist state operates in a manner that its actions can neither be predicted nor calculated. The only permanent feature of its designs is the net effect it exercises over the supremacy of the exchange principle. Measures such as the destruction of elements of capital which are seemingly noncapitalist are all deemed from the ultimate and long term interest of capitalism as a whole.

Since state power is faced with the possibility of giving in to pressures from individual capital units it needs to secure a basis for overall legitimation. Subsequently, the normative system also releases itself from the relation of positive subordination and becomes an independent entity and as yet another regulatory mechanism. This argument resembles Habermas' model of the crisis tendencies in advanced capitalism comprising four mutually interconnected states. ⁹ The mutually contradictory requirement of extra market regulated principles and the simultaneous guaranteeing of the dominance of the exchange principle create problems of demarcation. Thus corporatist mechanisms are utilized to prevent state capitalist

measures of the global regulation from over stepping their boundaries.

Offe suggests that these problems of demarcation or in other words second order crises which concern the employment of regulatory mechanisms are representative of the crisis tendencies of advanced capitalist societies. Hence classical theories of the self obstruction of the exchange sphere for the creation of surplus value need revision.

It would suffice to state in brief that a revised crisis theory capable of providing a scientific explanation for the transposition of disturbances in the economic sphere to the level of administrative intervention and subsequently on to the normative or the legitimation system cannot construct the definition of crisis to the dynamics of production alone. Even if we may not be entirely in agreement with Habermas' formulation that economic crisis can be permanently averted in advanced capitalism, we would draw attention to the prevalence of crisis tendencies simultaneously in all the three organisational spheres unlike in the competitive phase of capitalism where crisis phenomena were confined to the market mechanism which was self regulatory and which

could generate the myth of the exchange of equivalence or that everyone could participate in the exchange process through a deeply entrenched bourgeois ideology. Today one has to explain crisis in the context of the inability of the administrative system to make up for the deficiencies in the economic sphere as well as its own inability to live up to the expectations from an overload of demand and need satisfaction of the population vis-a-vis the contradictory demands of capital on which the state depends for its sustenance and the issuing authority.¹⁰

With these brief reflections on the theory of crisis in advanced capitalism we shall now move on to the processes and institutional arrangements in operation to ensure the continuance of the dominant exchange principle.

THE PROBLEMS OF THE LABOUR MARKET AND THE EVOLUTION OF SOCIAL POLICY:

Economic crises create unemployment and underemployment as widespread phenomena in the developed societies. Therefore a relief from such paralysis is deemed an urgent task of government and trade union policy. The commitment to full employment is even greater in welfare state democracies for they shoulder the responsibility of social policy measures and payments of unemployment compensation, all of which affect the state negatively as a "tax state".

The trade union's perception of this problem is not our immediate concern here.

In the absence of a theoretical or a practical approach to the goal of full employment - it is doubtful whether capital intensive growth undertaken by entrepreneurs would have an impact on the employment situation and even if it did so with how much delay. Moreover, the acute unemployment phenomenon affects different groups differently and in varying degrees. Hence to avoid naivety, the problem should be understood not merely as a necessity to increase the volume of demand of labour power, but also as one that requires a therapeutic distribution of this demand among the bracketed problem groups of the labour market. "Advanced capitalist countries" are faced with high and distinctively structured unemployment affecting differing groups in a differentiated manner. In view of this fact, the political problem of the labour market consists not only in a global increase in the demand for labour power, but also (and increasingly) in a well balanced and fair distribution of this demand among categories of the (potential) workforce who are affected by labour market risks very differently.¹¹

What are these unequal group - specific labour market risks? Firstly, lengthy working hours, the inability to

sell labour power or the compulsion to sell the same for below average wages, deprivation of freedom, privation and the like, constitute the first variety of labour market risks. The second set of problems related to the above ones concern the ascriptive qualities such as education, income, place of residence which are linked with certain fixed internally unchangeable characteristics such as age, sex, physical conditions, ethnicity and so on. It is generally held that these factors play an increasingly diminishing role in the allocation of life chances with the coming of the modern age and the guarantees of universal equality of freedom. Thirdly, labour market policy in advanced societies in recent years has been directed towards specific groups based on occupational, regional, sectoral, and similar considerations.

All the three factors mentioned above stand in evidence of the fact that labour market risks are highly distinct and specifically structured in consonance with the ascriptive features of social beings. Government policies issue concessions which are themselves group specific. These facts also help in buttressing the claim that in a society based on free labour contract the particularistic, ascriptive life chances of the premodern era are systematically dismantled and replaced by acquired

opportunities on the basis of an individual's achievement in the contemporary market exchange process.

Offe's attempt to demolish this liberal idiom is in the form of establishing that particularistic ascriptive features are perpetuated systematically in the work and production oriented society and that the lack of homogeneity of the 'standard employee' is as much a fact of life in market regulated societies. To demonstrate these hypotheses, Offe examines the "most peculiar market" namely the labour market.¹²

LABOUR POWER AND OTHER COMMODITIES:

The peculiarity of the commodity called "labour power" vis-a-vis other commodities in the labour market results from the fact that labour power cannot be isolated from the person of the worker. This peculiarity could prove both advantageous as well as disadvantageous for the demand side of the market. It is advantageous for the labour market deprived of its pre-market modes of subsistence (self sufficiency of an agrarian economy) is forced to enter into the labour market without having any control over the volume of its own supply. Thus it leads to an unfavourable contract for labour power vis-a-vis capital. What is unfavourable for labour turns out to be favourable for capital as cheap and free wage

labour is readily available during the course of industrialization. The species character of labour power is disadvantageous as labour power is physically inseparable from the labourers, thus making it impossible for capital to own this commodity in the same manner as it owns other real commodities. This fictive character of labour power as a commodity is significant.

Although it is treated as a commodity, labour power enters the market not in the same manner as other commodities do. The quantity and quality, the time and place of supply of real commodities depend on the seller's considerations of price and marketability. Instead, in the case of labour power its supply depends on the requirements of human reproductivity and socio-economic processes which deprived labour power from modes of subsistence other than through the market. This closure of every other mode of subsistence than that of wage labour amplifies the fact that commodity called labour power participates in the market relationship for entirely different reasons and at a different level of bargaining than other real commodities. "An initially important peculiarity of labour power therefore is that while it is indeed treated as a commodity in the market, it enters this market for reasons other than those of other commodities. One could thus speak of a structural handicap

of labour power in the market for the supply side has no way of controlling its own volume of supply in a market strategic manner".¹³

The second peculiarity results from the first. The fact that labour power does not own the means for its subsistence, necessitates its sale on a market to procure these means in return. As a consequence of this relationship of permanent dependency, labour power is unable to wait for favourable circumstances while entering a labour contract. Additionally, the destruction of the self sufficiency of an agrarian economy compels labour power to enter the market for less than its value and even in the absence of strategic options for its sake.

The third peculiarity and disadvantaged position results from the fact that labour's need for the means of subsistence are more or less static. Moreover, the needs of labourers are more rigid than those of their employers who can switch over to alternative modes of production. Labour's dependence on wages for procuring its means of subsistence, and capital's employment of labour to produce goods, breeds an asymmetrical relationship between the two. While production can be carried on at a steady or increased flow with the adaption of technological knowhow which effectively cuts down labour

inputs per output of production, the converse is not true. The reproduction of labour power cannot be ensured with the fall of wages per household or displacement of manual labour with technology.

The fourth drawback results from labour's single adaptive capacity to the demand side of the market. Its capacity to adapt and improve its strategic position in the market through such measures as immigration, emigration, urbanization and commuting call for sacrifices from labour in the form of destruction of family ties and several adverse living conditions associated with working class inhabitations in the new industrial towns.¹⁴

SOCIAL POLICY INSTITUTIONS AND
THE ORGANISATION OF LABOUR POWER:

So far our focus has been exclusively on the relations among the various contending parties in the labour market. Our conjecture was that the nonstrategic and precarious position of labour power owes to its fictive character of commodity in the market. Its vulnerability owes to it being treated on par with other real commodities. Now we shall divert our attention to another dimension of the growth and expansion of the labour market, that of the introduction of a non-market regulatory mechanism of state intervention; not merely to compensate for the

malfunctions of the market but its foremost role of creating conditions for the expansion of the market through its legal and civil institutions. Our effort will be to show that the state which initially contributed to the market in creating free wage labour, in the course of capitalist development has been restricted to function according to the dictates of capital. Moreover, it should be demonstrated that social policy measures of the state are not a result of the coming into being of the working class, but rather that it contributes to its emergence in a major way.

According to Offe, "social policy is the state's manner of effecting the lasting transformation of non-wage labourers."¹⁵ This is evidenced by the fact that capitalist industrialization takes place necessarily by the disorganization and mobilization of labour power. These two are inseparable processes that coexist even today.

The spread of competitive market relations to national and world markets, the introduction of labour saving technical changes, the undermining of agrarian forms of labour and life style, and the impact of cyclical crisis, systematically displace the earlier modes of subsistence of labour power.¹⁶ When the effects of this

transformation begin to be felt, individuals find that their capacity for labour no longer yields their means of subsistence. This is due to the seizure of their means of production by an evolutionary form of private ownership of the means of production that comes into being. In the pre-industrialization phase, labour power had complete control over the means of production which procured its means of subsistence. Since in the historical transformation of non-wage labour into wage labour the means of production are dispossessed by labour, we can also add that as a result it is dispossessed of its means of subsistence. This does not mean that labour automatically switches to an alternative mode of earning its subsistence, or even if it does that such a solution in the form of becoming wage labour takes place smoothly.

Offe suggests that a wholesale transformation of non-wage labour into wage labour could not have been possible without a politically mediated supplementing of the problems and risks involved in this transformation, especially when the newly emerging market mechanism had to eliminate and resist stiff opposition from the already existing feudal modes of relations of production. In other words, the market was not in a position to accommodate a massive influx of labour power into its fold and at the same time had to ensure that every other mode of

procuring the means of subsistence were closed or rendered illegal. Thus, social policy is required for the regulation of wage labour.

According to Offe, active proletarianisation does not proceed spontaneously from the dispossession of earlier modes of labour and subsistence or from the consequence of passive proletarianisation such as hunger and physical deprivation.

A set of three preconditions have to be fulfilled for the incorporation of labour power into the market, namely,

- 1) Dispossessed labourers should be prepared to alienate their labour to a third party, thereby losing the resources and symbols upon which their self image depends. Considering the risks and sacrifices involved, they should accept these new relations as conducive to them.
- 2) In order to safeguard against the possibility to sell their labour power through means other than that of exchange for money (because of the risks involved in the market relations) certain basic requirements in the form of education, health and so on should be fulfilled and finally, there should be an approximate

balance between those who are outside the market relations and those within the labour market. All these preconditions require a social policy framed and controlled by an external regulatory mechanism, namely the state. "The dispossession of labour power generates three structural problems. One, the incorporation of labour power into the supply side of the labour market; two, the institutionalization of those risks and areas of life that are not subsumed under the wage labour relation. Three, the quantitative regulation of the relationship between supply and demand on the labour market. Thus we understand the term social policy to include the totality of those politically organised relations and strategies that contribute to the resolution of these structural problems by continuously affecting the transformation of owners of labour power into wage labourers."¹⁷

To the extent that workers feel their activity alienating in the new industrial environment it breeds a disincentive to work among them. This problem of integrating labour power into the social process is achieved through coercive mechanism such as the criminalisation of nonmarket means of subsistence (prohibition of beggary).

The fall in the reproduction capacity of labourers resulting from adverse physical conditions necessitates the creation of catchment areas where labour power can be accommodated for a specific duration of time depending on the situation. But access to such mechanism are screened by administratively regulated entry for otherwise a slackening of the compulsion to work may result. Thus, state policy effects the transformation of non-wage labour into wage labour, in a systematic manner. More specifically, it regulates the proletarianization of labour power to safeguard against its negative repercussions. "State policy is not some sort of state reaction to the problem of the working class; rather it ineluctably contributes to the constitution of the working class. Its most decisive function is the regulation of the process of proletarianization."¹⁸

With this rough schematisation of the origins of social policy, let us now consider the more recent phenomenon of state intervention in advanced capitalism, permissible within given limits to address problem groups in the labour market and to marginalise their effects on the system.

As a mechanism operating outside the labour market, state intervention can perform the function of either weakening or even effectively equalising the power balance

existing in the market. This neutralisation of the power balance would in fact create conditions for the promotion of the free labour contract which would be a normal occurrence. At the same time, the systematic equalisation of strategic options through public policy does not lead always to an unhindered exchange between labour and capital. Instead, it leads to a sudden termination of exchange by the demand side. The equalisation of options entails the withdrawal of power and blackmail of capital and therefore leads to disincentives on its part to invest. This situation, as it were, paralyses the entire system as a whole, and produces grave consequences for labour.

The superior power of capital in the labour contract can be destroyed under two conditions:

- 1) If the employer were as dependent on the employee, as is the case in the reverse order;
- 2) And secondly, if labourers could earn their subsistence through means other than that of wage labour, as the employer can resort to labour saving measures (jobless growth) by the introduction of technological innovation.

If this were the case in actuality it would result not merely in neutralising of power balance but also in capital's disincentive to invest.¹⁹

It is within this dilemma that state policy operates. While it proceeds towards establishing an equilibrium in the power position, it at the same time inevitably leads to a renunciation of contracts. So state policy can at best tamper with the existing imbalance without effecting a structural change of the disequilibrium. "State policy as well as trade union wage policy are thus faced with the problem of 'optimization', in which the power differential prevailing in the labour market can neither be left unregulated nor reorganised in a way that would cost the labour market itself along with its corresponding power differential to disappear."²⁰

It is important to bear in mind at this point that administrative interventions and experiments are not generators of specific social conditions or harbingers of social transformation. Rather they merely react to contradictory imperatives within the state apparatus which produce opposing interest groups whose interactions are guided by power position. "The developments and innovation of state social policy can be conceived not as the cause of concrete social conditions or changes, but only as the initiation of conflictual interactions, the outcoming of which is open and ambivalent precisely because it is determined by the structural relationship

of power and the constellation of interests."²¹

The following are some of the strategies of administrative rationalisation:

- 1) State policy is guided by the idea of prevention in matters such as health, education and labour relations where such policies work towards cost saving settlement of problems at the initial stages of their development.
- 2) The strategy of final programmes replaces conditional programmes involving pragmatic settlement of issues with little regard to conditionally define rights and claims on the state machinery.
- 3) The third innovation, that of institutional assistance is an economy drive. These non-monetary forms of institutional assistance apply to clients who accept an infringement of freedom of choice which is enjoyed by market participants. In this manner those at the helm of such institutions discern the authority to define the norms which determine the needs of their clients.
- 4) This mechanism of reprivatisation is evidenced by the transfer of public tasks to parafiscal or private organisations in order to save on fiscal expenditures. The introduction of private payment

for health care in the form of self insurance schemes, special taxes and charges for running public institutions etc. indicate a significant departure from the norms governing public policy during the post war years.

- 5) The fifth strategy of scientization of policies is designed to attend to the inconsistencies of state power, namely the incompatibility between claims and the available means for their satisfaction. Science is supposed to provide answers to these problems even at the expense of prevailing norms and values which might obstruct such authoritative interference of science into their realm.²²

From a different angle the strategies of administrative intervention can be classified either as the exclusion or inclusion of labour power into the labour market. By the strategy of exclusion comprising such measures as the prohibition of child labour, paid maternity leave, and early retirement schemes would refer to those processes that regulate the demand and claims of the population. Limits to this strategy are found in the scarce fiscal resources at the disposal of social policy schemes for the maintenance of such institutions outside the market as the family, schools and social security programmes.²³

The alternative strategy of integrating increasing portions of labour power into the market through wage cost subsidies for employers, emphasis on education and training which provide an input into the quality of labour supply is effective to some extent. These strategic measures enable labour to find employment which otherwise may not be possible or to retain existing jobs which may otherwise disappear. Yet these strategies do meet with difficulties from whichever angle the problem is approached, that of the demand or the supply side.

From all these variants of administrative rationalisation, we gather that the power imbalance persists if not gets aggravated by state intervention. The state apparatus dilutes its claim of achieving an equilibrium in the market but instead generates conditions for the uninterrupted expansion of power and its resultant power position. This we feel is only due to the fact that the state drawn upon the resources of collective capital whose long term interest it safeguards.²⁴

THE FUTURE OF THE LABOUR MARKET:

The self contradictory imperatives of capitalist accumulation have during the course of time created enormous dysfunctional side effects. These factors call

into question the capacity of the market mechanism to function as a dual allocative principle - the allocation of labour power to diverse production processes and the distribution of the products of this labour to the employees.

Offe's contention is that the competitive model is not even an approximate representation of reality, even more so in the advanced societies of late capitalism. He points out three general reasons which render the classical and neo-classical models of a competitive market mechanism ineffective to undertake the dual allocation problem. The first reason has to do with the special features of the commodity called labour power in the labour market. These features referred to in a previous section require that the commodity character of labour power can be retained only in the fictive sense. This means that in the practical operation of labour market processes the fictive character of labour power as a commodity is considerably challenged. Hence the market coercively implements the fictive character of labour. Secondly, the labour market strategy of administrative intervention not only betrays the failure of the market as a self regulatory mechanism but also engenders the inevitable result of the closure of the market or its coexistence with other non-market regulatory mechanisms. Thirdly, it is all the more doubtful if the

exchange principle of the market can be reestablished given the context of excessive demands and claims overloading the state machinery in the recent decades. Moreover, changes in the socio-political and economic spheres of the work and production centred society have dominated social policy debates evidencing that use values cannot be purchased through payments from the market.

Against the backdrop of these limiting conditions on the exchange principle a variety of non-market allocative mechanisms have sprung up during recent years. The problem with such mechanisms seem to be, the absence of a consensus regarding their acceptability.

The most that could be said about the future of the labour market is that it is no longer in a position to assume the pivotal role it had in the post-war years. Perhaps the basic governing mechanisms of socio-economic life have to be rearranged. The basic socio-economic problem of allocating the mechanisms of allocation is once again becoming topical and there is therefore a chance of supplementing and expanding the existing repertoire of allocative mechanisms by institutionalising informal modes of useful activity.²⁵

THE WORK CENTRED SOCIETY IN ADVANCED CAPITALISM:

Over the past century or so, sociological research has revolved around the most vital social fact of wage labour. The proletarianisation of labour power and the subsequent utilisation of wage labour during the course of capitalist industrialisation led to the dominance of the purposive rational mode of activity. The purposive rational activity comprises the two mutually inseparable elements of technically organising production and economically generating surplus value. The entire process of capitalist accumulation is characterised by the interaction between these two components.

For classical Marxism all socio-economic, political and cultural relations are dependent components of the purposive rational activity. The processes of generating wage labour, its proletarianisation, the disjunction of labour from the households and the subsequent emergence of social policy institutions were all regulated by the technical and the economic principles of purposive rational activity. The entire gamut of contemporary social scientific research focussed attention on the operation of the market mechanism and modes of life that had evolved thereby.

However, this comprehensive determining power of wage labour and its contradictions have become questionable

in the post war years. Today, the rigid analytic defence of the work and income based models of social research is a pet theme of conservative researchers. Those subscribing to the tradition of historical materialism and towards specific deviant of critical theory have rejected these models in favour of an emphasis on the Life world to be guarded against disillusion into political or economic domination.

Subdivisions in the Sphere of Works:

In the wake of the expansion of the tertiary sector of service work the conventional denominators of technical work (referring to the production of goods and the generation of profits) applicable to the primary and secondary sectors needs to be redefined on account of its inadequacy. It *has* been pointed out that the tertiary sector accounts for a large and ever increasing share of labour power in the total volume of social labour.²⁶ This indicates that problems of order and normality cannot be dealt with by technical rationality applicable only to the primary and secondary sectors. Instead the rationality of reflexive work, would result in a better grasp of problems of stability.

The definition of service labour appears to be vague and amorphous. It is generally used as a residual category

to include those variants of labour which are not found in the primary or secondary sectors. Amidst several definitions of service labour a satisfactory explanation could be found in the characterisation that clients must be present and coproductive in most service activities.²⁷ According to another definition service labour is pre-occupied with problems of system integration.

The element of economic efficiency is absent in the service sector because it is not oriented to profits but to mere uses. However, the service sector avoids deficits for the economy as a whole. The rationality guiding the service sector is usually political discretion, conventions or professional consensus. Nevertheless, the economic rationality of capitalist production is selectively applied to ensure conditions of order and normality. This means paradoxically that while the service sector is not structured by the economic formal rationality it is extremely limited by the latter. In other words, service labour is a necessary and an inevitable foreign body of the system. It is inevitable because it emerges out of the conditions of capital valorisation. At the same time, the service sector generates employment for the ever increasing surplus labour available in advanced societies. In this sense, it unloads the system of crisis of unemployment. With these considerations, Offe

disapproves of characterisation of the service sector as a foreign body.²⁸

The differences elaborated above regarding the nature of work in the different sectors of the economy strengthens the argument that one can no longer speak of unified rationality governing the sphere of work in advanced societies.

The fundamentally contrary motives of economic efficiency, profitability and valourization of capital on the one hand and the orientation towards services for clients and other remedial measures on the other hand, of the technical and reflexive rationalities respectively, must not be undermined." The growth of mediating, regulating, ordering and normalising service labour can thus scarcely be interpreted through the model of a totalization of the rationality of work based on the technical organisational and economically efficient production of commodities by wage labourers."²⁹

The growth of the service sector should rather be understood as the reemergence of second order problems. These can be compensated only by the application of service labour of different kinds (in education, training programmes, policing and therapy) if the predominance

of the efficiency inducing technical rationality is to be ensured. Offe characterises the supplementary of technical formal rationality by a substantively based reflexive rationality as posing a serious challenge to the former. It brings to the numerous functional gaps and fiscal deficits which are the twin products of capitalist expansion. The new rationality appears in the form of reflexive service labour to fill in these functional gaps. "The normatively based substantive rationality which had been successfully repressed in productive work and in the transformation of labour power into a marketable commodity resurfaces so to speak. Indicating the repression of substantive rationality within the sphere of wage labour it takes the form of growing numbers of service workers and professionals whose special task is that of institutionally securing social existence through a special type of work."³⁰

Another dimension of the new class of service labourers is that they not only dismiss the notion of a unified work sphere with a single overriding rationality, but challenge the values of the work and income centred society in favour of a narcissistic value system. That apart the state itself is unable to generate adequate motivational patterns necessarily for the continuance of the work and income based society. The issue at stake in the advanced industrial societies are how to arrest the increasing elimination of

volumes of social labour from the fold of the wage labour relation, when at the same time the state seems to have exhausted the economic and cultural motivations necessary for reinforcing the vitality of a society governed by values of achievement and acquisitiveness.

These arguments find a corrolary in Habermas's plea for a motivation crisis in late capitalism. In keeping with the socio-economic currents in operation today Habermas depicts the structure and dynamics of modern society as rooted not in an antagonism within the sphere of production but one between the subsistence of purposive rational activity mediated by money and power on the one hand, and the Life world which resists these systems on the other. Habermas's critique of the dominance of labour corresponds to an antiproductivist trend within contemporary Marxism.³¹ The conjecture is that at least with regard to the western societies development in the productive forces cannot be identified with human emancipation. Instead, the latter has to be pursued exclusively by self reflective human subjects.

LEGITIMATION IN ADVANCED CAPITALISM:

Both liberal and Marxist theories converge on the notion that the state is the major institutional system in late capitalism that could account for and overcome

the contradictions of the market mechanism. But the important question is whether the state is capable of fulfilling these obligations or if there are systematic ^{tra}confliction on the level of state activity itself that prevent the fulfilment of these functions.

Further investigations into these questions would bring the twofold nature of the capitalist state to the fore - its commitment to secure the commodity form of labour on the one hand and its application of egalitarian decision principles to procure legitimation for the capitalist political system. For our purposes it would be adequate to reflect on the mode of legitimation at work in Advanced Capitalism.

The procedure of majority rule through parliamentary elections appears to be the chief legitimating mechanism in the western societies today. It is our opinion that this principle of legitimation is poorly equipped to perform this role. Let us briefly examine here some of the arguments that could be produced in support of the principle of majority rule. Firstly, unlike procedures involving simple command or argumentation for arriving at decisions, with undue risks of unanimity delay and arbitrariness, the procedure of majority rule has a clear advantage of producing decisions promptly and with reduced costs and greater certainty. Secondly, the superiority of majority

decisions derive from their assured quality in the absence of barriers of education, property, sex and so on. The resulting interplay of heterogenous groups and the equal status of judgement enjoyed by all of them, is expected to produce a balanced outcome. Thirdly, decisions are acceptable if their probability of being recognized has binding premises that are very high. In that case, decisions are regarded as worth recognition and as legitimate.

The principle of majority rule derives a double advantage from this problem of legitimacy. Firstly, when we presume equal and secret vote, the indirect dependency on the market is marginalised, and secondly given the universal and direct nature of votes, the totality of those affected by these decisions themselves become participants in the decision making process.

Moreover, legitimacy is further assured by the fact that decisions once arrived at are not first but are reversed periodically. Voting generally takes place on specific issues and the periodicity of these decisions makes it easier for minorities to abide by majority decisions. Finally, the public announcement of election results including that of the disapproved alternative,

enhances the credibility of majority rule as a whole.³²

Offe's attention is centred around the legitimating capacity of majority rule. He lays that although the efficiency of majority rule as a legitimation principle can be based on theoretical and empirical grounds, it is increasingly evident that majority rule is being challenged as a legitimating norm, but what explains the continuation of majority decisions is the absence of an alternative mode of legitimation.

The institutionalisation of majority rule added to its legitimating capacity. The introduction of universal equal suffrage, recognition of political parties, and unions and the provision to elect and change governments through the parliamentarisation of governments seem to have altered the internal structural balance of class forces. From a social democratic point of view, the working class had been compensated for its lack of societal power by the introduction of the above said constitutional measures.

An opposite point of view treats the institutionalisation of class struggle as a blunting of the revolutionary potential of the working class. These divergent viewpoints suggest how little majority rule is self evident and how it is being disputed in the light of several limitations

in its functioning. Yet majority rule is the most important decision making principle in the west.

It is interesting to speculate why majority rule inspite of claims against its validity continues to remain a prime source of legitimation in western societies.

From several standpoints one can question the empirical decisions of voters and the actual power wielded by members of parliament. The logic of mass parties reduces voters to mere consumers affecting their political judgement. Moreover, an unrepresentative coterie of the party apparatus exercises its decision over the personnel put up for elections.

It is also obvious that the members of parliaments are constrained by their respective party officials as well as by bureaucratic functionaries who guide or misguide them.³³

Thus we find that majority rule is derived actually from organisational structures which condition its effects, and not by collective actors. Yet, any criticism of majority rule should guard against the conservative resort to the traditional dichotomy between equality and freedom. Such arguments concerning the subjugation of the minorities by majority decisions and playing off quantity against quality, need no further elaboration.

From the perspective of a social scientific analysis, the following considerations are crucial regarding the legitimacy of majority decisions. There is a general consensus that majority decisions are valid for the public sphere i.e. the realm of political affairs, to be distinguished from the private sphere. The demand for the non-interference of the public decisions on the private sphere is usually made from the liberal standpoint of the protection of liberty and freedom. Reciprocally, such a demand also serves the protection of the public sphere from being overruled by the private decisions, whose demands may be more intense than those of the former.

The limits to the majority principle derive from:

- 1) Their application to matters concerning the distribution of private goods would have to face a continuous durability test.
- 2) The difficulties of drawing the boundaries between these two spheres in areas such as education would amount to a withdrawal of majority decisions in areas of overlap.

At another level, it is incorrect to assume, that the constitutionally guaranteed civil rights prevent public encroachments into the really private lives of the citizens. On the contrary, in countries of the

interventionist welfare state, citizens are forced to renounce a degree of their private autonomy. Problems of specifying areas of majority decision are understandable as the demarcation line is unspecifiable and in some other cases, public intervention is considered to be inevitable for there to be a private sphere at all for individual autonomy and discretion.

At the same time one would not deny that problem free areas do exist for majority decisions and that for instance in matters like clothing, majority decisions are observed.

But we are essentially concerned here with areas between these two extremes in which majority rule and freedom come into conflict. In such cases, the minority does not accept the majority decisions, in issues regarding setting up residential areas and the location of pollution industries. The dilemma is not merely between private versus majority decision but over the question whether a particular issue requires majority decision or not. Until this prior conflict is settled, the minorities will assume automatic rights to make decisions. Thus, the majority principle depends largely on the definition of the areas of public and private spheres. In other words, there is no rationale for the operation of majority

rule in those areas where a consensus on the extent and scope of government activities is not reached.³⁴

Another important limitation for the application of majority rule is that certain legal procedures have to be existent, over which the majority enjoys no voice. Thus, the idea that the majority can make legitimate decisions is true only given the condition that legal structures exist, the substance of which can only be decided by the minority.

Not denying the fact that the institutional mechanisms of parties in mass democracies are increasingly inadequate to asserting the validity majority rule. The majority principle itself has exhausted its original claims and presuppositions of its validity. This is evident in the majority's claim for power only by virtue of its having been in power already, thereby further enfeebling its validity as a legitimating principle. Today majority decisions can claim to be enjoying legitimate power only if they are obvious of tendencies of self perpetuation and strengthening of the power of the elites. Indeed under conditions of the modern welfare state, precisely such tendencies are gaining grounds.³⁵

The above mentioned limits to majority rule, and the apparent inequities of participation in decision making

do not however question its legitimating capacity. This is due to the deeply entrenched fiction of the egalitarian foundations of majority rule, expressed in the maxim, "one person one vote; that is, that no vote shall have more weight than another."³⁶

After having sketched out both the external and internal limits to applicability of the majority principle, the following remarks could be added in summary. A realistic recognition of the glaring functional gaps evident in the looking of the principle and the withdrawal of unfounded claims that universal suffrage through the majority principle satisfies the values of equality, rationality and legitimacy. Neither elections nor the majority principle transmit to the state apparatus the real claims and demands of the citizens. The exceptional rigidities of the procedural form of the majority principle renders its claim to legitimacy even weaker. In the words of Offe, "the majority principle is not a means of legitimation but a solution to an embarrassment."³⁷

However, its retention as an important source of legitimation owes to the relative advantages it enjoys over certain modified versions and also to the absence of an altogether different alternative. In the wake of this situation, the ensuing repercussions in the nature

of non-participation in electoral processes and the emergence of alternative modes of non-party political movements poses a serious challenge to the legitimating function of the majority principle.

Contradictions of the Modern Welfare State:

The history of the modern welfare state dates back to the late 18th century. The working class movements that sprang up caused concern to the state machinery not so much from the point of view of ameliorating the conditions of the working class as an end in itself but from that of ensuring the continuation of reproduction process and of maintaining stability. State intervention was then characterized by the stipulation of minimum wages, maximum working hours, and the abolition of child labour at the economic level and the introduction of universal suffrage - through the removal of property, sex and education based barriers - to the enhancement of working class participation in the political realm. These measures evoked a mixed response from the political organs of the working class.

The pervasive influence of the social democrats established a consensus in favour of the latter's perception of the welfare state as a major landmark in the history of the working class. Thus the welfare state emerged

as a major peace formula of advanced capitalist societies in the post war years. Its role of providing compensation for those affected by the contingencies of the market mechanism and its recognition of the formal role of trade unions in collective bargaining processes denote the character of the welfare state. Based on these two components it was expected that the welfare state would avert class conflict and balance or rather conceal the authentic relation of labour and capital typical of liberal capitalism.³⁷

In recent decades, however, the arrangement of the welfare state has come increasingly under attack from the same forces that had led to its emergence. It appears that the consensus arrived at among diverse and heterogeneous forces over the allocation of labour and the distribution of its fruits had been merely superimposed and not discursively arrived at such an artificial consensus would inevitably terminate in the domination of one of the parties in question. The short lived success of the welfare state and the present symptoms of its decline can be seen in this light. The temporary achievement of a class compromise seems to have broken through its welfare state mystifications and reappeared as a major issue for the state in advanced capitalism.

In Offe's words, "the machinery of class compromise has itself become the object of class conflict."³⁹

The Conservative attack:

In the wake of the economic recession of the mid 70s reemerged conservative economic theories modelled on neo laissez faire doctrines. Their diagnosis of crises in terms of the ungovernability of the state (the overburdened state) is significant considering that till recently the conservatives were staunch defenders of the welfare state. Although the conservative diagnosis of crisis overlaps with that of their leftist counterparts, they explain the same in a different language. To them, crises in contemporary societies lie not in the economy itself but rather independently in the institutions of political democracy. "The differences consists only in the fact that the new conservative theories of crises see the source of crisis and what they wish to eliminate not in conditions of capitalist wage labour but rather in the institutionalized regiment of welfare state mass democracy. 'That which Marxists erroneously ascribe to the capitalist economy', writes Huntington, is in reality a result of the democratic political process.'"⁴⁰

Thus their emphasis centres around the legitimacy of claims and demands on the state apparatus on the one

hand and applying a medical-biological therapy on the other recommending solutions to problems in the form of a doctor patient model. According to this therapy the State assumes the role of defining the legitimacy of needs and claims put forward by the citizens. The validity of such needs and the extent of their satisfaction is a prerogative of administrative decision-making. Similarly social norms and values are also redefined in tune with this model. To return to our earlier question the conservative critique of the welfare state is restricted to the functioning of political institutions that receive claims and distribute benefits.

The welfare state is regarded as, "the illness of what it pretends to be the cure."⁴¹ Instead of mediating between contradictory functions of the market, it is said to be perpetuating them in a new form. The burden of taxation & regulation on capital resulting in a disincentive to invest and the issuing of entitlements and benefits amounting to a disincentive to work or at least a relative decrease in the motivation to work in the main plank of the conservative attack on the welfare state. As such, a suspension of regulation and the privatization of public services are important recommendations from their end side. The suggestion to transform claims that lie beyond the

scope of the welfare state to privately regulated exchange relations incorporate the transportation and public health services. This backward trend had been characterized by Offe, in the following manner. "Generally it is a question of strengthening the working of the mechanisms of exit against those of voice."⁴²

Apart from several pitfalls in the conservative diagnosis of crisis, two drawbacks can be cited in their attack on the welfare state. Firstly, in the absence of a strong theoretical and organizational alternative, the demand to renovate the market mechanism does not say much for the conservative critique. Secondly, the conservatives cannot demonstrate that advanced capitalism without the welfare could be a working solution. In Offe's words, "the contradiction is while capitalism cannot coexist with, neither can it exist without the welfare state."⁴³ The lopsided emphasis of the conservatives on the first of these contradictions is understandable.

Critique from the Socialist Left

At a general level the welfare state is regarded as a mechanism to stabilize, rather than a forward step in the transformation of capitalist societies. It is regarded as ineffective and inefficient because it has failed to

alter the power imbalance between labour and capital and the inequitable distribution of income. In our opinion it was never really meant to perform this function. Rather than eliminating or at least preventing individual contingencies, the welfare state has merely compensated for the consequences of such contingencies. A preventive or causal intervention would invariably reduce expenditure than those related to compensation. A welfare state is ineffective because the constant threat to which the social services are subjected expose fiscal crisis of the state & thereby also the gaps in the accumulation process. In this sense the tentative solution of obscuring ruptures in the class conflict itself is seen through once conditions of prosperity are displaced.⁴⁴

It is also a serious misgiving if it were assumed that increases in expenditure would result in the increase in the welfare of citizens. For it is always possible that high expenditures will be consumed by the bureaucratic machinery channelising welfare schemes. At a different level, the satisfaction of one set of needs could lead to a higher and a new level of need satisfaction.

In spite of high expenditures and poor performances the bureaucratic mechanism is retained for administering services on account of the function of the social control



it exercises. Thus the repressive character of the welfare state comes to limelight. In order to qualify for services clients must demonstrate their compliance to existing norms and standards as the dominant economic system. Offe characterizes the same as an exchange transaction by which the state sanctions entitlements for the submissive recognition of its legitimacy by the clients in return. Above all, the welfare state has devastating influence on the class consciousness of the working class by disseminating ideas of class cooperation, delinking economic and political struggles, and generating an unjustifiable confidence in the efficiency of the system. Its control over academic institutions is a case in point. These backward looking trends amply testing the helplessness of the conservative ideologues to respond to the present dilemma.

The conversions of the liberals and the Marxists in their critique of the welfare state leads us to a further question of the possibility of social change within the existing paradigm. Firstly there is a consensus over the fact that the welfare state can no longer be expected to deliver goods for either capital or labour. Secondly, in the absence of alternative prospects both

conservatives and socialists would in the interest of their clients be unprepared to abandon the welfare state. Thirdly, the conservatives do not possess the theoretical framework or practical approach for the restoration of the market. While on the other hand the socialists could perhaps boast of a theoretical approach, but, however, are unable to arrive at a unanimous strategy for the construction of socialism. Amidst this precarious situation the welfare state continues to remain as an entrenched fact of western societies.

There are several intellectual speculations regarding alternate forms of political arrangements. One of them, is suggestive of an alliance between the old middle class and the big capital and the other between the new middle class and the established working class organs. The former alliance could as well lead to the revival of laissez faire under conditions of acute economic crisis. The second alliance championing egalitarian and self-reliant management of social policy could be realized given the repressive character of the welfare state. Offe does not rule out either of these possibilities as a practical alternative to the welfare state. To him, a more important question is whether the sphere of action and the future course of

development of the welfare state will be determined by the fluctuation of societal power positions in advanced capitalism, or the welfare state would in turn shape the matrix of social power through its successes or failures.

Our discussion of Offe's reflections would be incomplete if we do not take note of his emphasis on the future of the socialist movement and the key issues confronting it. He points out that the valorization of capital, its reckless and utter disregard for use value orientations is as important today as it was for Marx. The ideals of democracy, justice, emancipation and self-determination can be directed towards use value criteria of social development.

The share of wage labour in the total volume of social labour is steadily decreasing due to welfare state interventions. In other words life in the welfare state has become decommodified and hence this question cannot be ignored by the Left. However, full employment cannot be a plausible demand - for one thing it is unrealistic and also anti-socialist. According to Offe the problem of unemployment should be encountered not by demanding full employment, but instead by creating alternate modes of employment other than the one through wage labour.

To fall into the unemployment trap would mean denying the very premises of working class movements, i.e. its struggle against wage labour. "We must find ways of resisting the unemployment trap by questioning the curious fact that the working class began as a struggle against wage labour and is now united in a superficial way in its struggle for employment through wage labour". Hence the task of socialist politics is to secure alternative forms of employment through enhancing the learning capacities of individuals.

The defence of democratic rights is an important aspect of socialist politics today. The ecological and environmental questions and those of the arms race have highlighted the consequences of unplanned capitalist expansion through indiscreet application of technology. The emphasis on the above stated issues by the socialist movement is characterised by Offe as economic socialism rather than democratic socialism. Its peculiarity rests in its recognition of what it opposes rather than precisely identifying what it seeks to create. Thus, it is once again a question of a recurring dilemma regarding an alternate model to the existing welfare state.

Notes & References:

1. Claus Offe, Contradictions of the Welfare State, London, 1987, p.36.
2. Ibid., pp.36-37.
3. Ibid., p.37.
4. Ibid., p.39.
5. Ibid., p.40.
6. A. Wolfe, The Limits of Legitimacy, Political Contradictions of Contemporary Capitalism, New York, 1977, cited in ibid., p.42.
7. Ibid., p.48.
8. Ibid., pp.49-50.
9. Ibid., pp.50 & 57-61.
10. Ibid., p.61.
11. Claus Offe, Disorganised Capitalism, Cambridge, 1985, pp.11-12.
12. Ibid., pp.12-13.
13. Ibid., p.17.
14. Ibid., pp.17-19.
15. Claus Offe, Contradictions of the Welfare State, London, 1984,
16. Ibid., p.92.
17. Ibid., p.99.
18. Ibid., p.98.
19. Claus Offe, Disorganised Capitalism, Cambridge, 1985, p.45.
20. Ibid., p.46.

21. Claus Offe, Contradictions of the Welfare State, London, 1984, p.104.
22. Ibid., pp.109-14.
23. Claus Offe, Disorganised Capitalism, pp.47-49.
24. Ibid., pp.50-51.
25. Ibid., p.79.
26. Ibid., p.101.
27. Ibid., p.106.
28. Ibid., p.140.
29. Ibid., p.139.
30. Ibid., p.139.
31. Ibid., p.149.
32. Ibid., pp.262-64.
33. Ibid., pp.268-69.
34. Ibid., pp.270-72.
35. Ibid., p.274.
36. Ibid., p.275.
37. Ibid., p.293.
38. Claus Offe, Contradictions of the Welfare State, London, 1984, p.147.
39. Ibid., p.149.
40. Ibid., p.66.
41. Ibid., p.149.
42. Ibid., p.70.
43. Ibid., p.153.
44. Ibid., p.156.

CONCLUSION

The tradition of critical theory took shape in the context of the Fascist domination in continental Europe on the one hand, and the growing bureaucratic authoritarianism of the State, in post-revolutionary Russia. Rooted broadly in the tradition of historical materialism, its foremost concern was with the practice of Marxism in the Leninist-Stalinist era. It sought to reopen the questions of domination and emancipation with a greater emphasis than in the classical Marxist treatment. With an emphasis on the phenomena of superstructures, it elaborated a critique of instrumental reason and more specifically the critique of "scientificity" as an ideology in advanced capitalism. However, this was not at the cost of undermining Marx's critique of political economy; in fact, its validity was taken for granted. What was characteristic of critical theory was its disapproval of orthodoxy and dogmatism within Marxism and elsewhere. Critical theory's renewed emphasis on the philosophical tradition of the enlightenment and of historical materialism was primarily to replenish the spheres of reason and reflection.

In the opinion of several orthodox critics, critical theory shifted its focus towards philosophical domains, ignoring the complex phenomena at work in the economic and political processes of advanced capitalism. Against this view point, it should be stressed that critical theory's interest was not merely in philosophy per se but instead stemmed from a direct interest in the relation between theory and practice, for example with the reduction of Marxism into technocratic consciousness.

On Marx's Critique of Political Economy:

Critical theory regards Marx's review of political economy as an untenable mode of analysis for advanced capitalist societies; the reason being that the falling tendency of the rate of profit is effectively checked by the introduction of reflexive labour into the reproduction process. Subsequently under conditions of advanced capitalism, economic crisis can be permanently averted by transforming the administrative system into a permanent specialised mechanism for handling crisis. The resultant legitimisation crises are explained by the fact that mass loyalty is withdrawn from the political system vested with these administrative functions.

The inclusion of this new dimension into the crisis theory should not be misconstrued as undermining the earlier

formulations of an exclusive economic crisis theory. Instead, what is attempted is an emphasis on both the economy and society rather than reducing the latter to the former. The neo-Marxist objections to the above characterisation can be further extended to a more fundamental category, namely that of the mode of production. The classical connotation of the mode of production is one of a unified framework subsuming both the forces and the relations of production. The activity of production and the social relations this activity generates are all encompassed in the mode of production. But the distinction introduced by Habermas between work and interaction assigns equal significance to the spheres of work and social relations. It is not as though the purposive rational action and communicative action are two distinct or polar opposite categories. The fallacy of the orthodox position is precisely in counterposing the two categories and establishing that these two do not coincide in actual work situations. The fact remains however that both purposive rational action and communicative action do occur simultaneously and are complementary to each other. The theoretical distinction envisaged is merely between the arenas of production and reproduction.

On advanced Capitalism:

It is sometimes said that Habermas's analysis obscures the functions of the modern state or at least that he deals with the activities of administrative intervention inadequately. The forecast of a legitimation crisis is said to have little empirical basis. Critics sometimes feel it is an exaggerated version of existing contradictions in late Capitalism. Furthermore, to some, the tentative nature of Habermas's arguments is likely to render his theoretical formulations suspect.

With regard to the criticism that Habermas is obsessed with philosophical abstractions, it would be worthwhile considering the extensive empirical studies of his collaborators, namely Offe and others. These studies set out in considerable detail the theoretical and empirical foundations of critical theory. Moreover critical theory is an ongoing project, and hence revisions in earlier formulations have to be reckoned with. Although, in theory it may not enjoy the status of a viable alternative to conventional Marxism, critical theory has opened up numerous areas of social life for reflection. Its major contribution lies in its focus on a realm that has been neglected as not requiring exclusive attention, the sphere of culture in late capitalism. Its investigations into questions of ideology

and erosion of cultural traditions provide sound explanations for the growth of a narcissistic culture, alternative forms of family orientations and educational patterns in advanced capitalism. The analysis of the economic, political and socio-cultural spheres of life in advanced capitalism which Critical Theory integrates into traditional Marxist thought would help fashion Marxism into a more complete and complex discipline than its earlier reductive economistic forms. Only such a complex theory can enable one to understand the complex social processes at work in advanced capitalism.

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