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## Capitalism and the Capitalist Type of State

This chapter develops three main themes to be elaborated in the rest of the book. First, neither capitalism as a whole nor the capital–labour relation on which its contradictory and conflictual dynamic depends can be reproduced purely through market relations. Both require supplementary modes of reproduction, regulation and governance – including those provided in part through the operations of the state. Second, and in particular, since labour-power is essentially a fictitious commodity, it cannot be reproduced solely through the wage form and labour market. Thus, non-market mechanisms of various kinds play a key role here too. And, third, as capital accumulation expands on an increasingly global scale, its dynamic becomes more ecologically dominant in shaping the overall evolution of social systems and the lifeworld.<sup>1</sup>

In developing these three themes I do not intend to argue that the dynamic of capital accumulation explains everything significant about the architecture and operation of states and the modern state system, let alone every last detail of their development. On the contrary, it is precisely because capitalism cannot secure through market forces alone all the conditions needed for its own reproduction that it cannot exercise any sort of economic determination in the last instance over the rest of the social formation. This requires us to pay close attention to the co-constitution of capital accumulation through the interaction of market-mediated and non-market social relations and, in turn, to the complex and overdetermined nature of its impact on the overall development of social relations. It follows that this chapter cannot limit itself to a presentation of economic concepts for analysing capitalism as a mode of production and object of regulation but must also introduce other concepts appropriate to the analysis of politics and the state, the lifeworld

and civil society, and their connections to the economic categories and each other. In developing this more complex conceptual instrumentarium it will also prepare the ground for a four-dimensional analysis of recent changes in the state's role in capitalist reproduction and its institutional, social, and discursive mediation.

## 1. Capital as a Social Relation

In terms of surface appearances, capitalism can be defined initially as an economic system in which goods and services are produced for sale (with the intention of making a profit) in a large number of separate firms using privately owned capital goods and wage-labour (Bowles and Edwards 1985: 394). Most observers would probably broadly support this definition but this might well be explained by its vagueness over such key issues as the nature of labour-power, the labour process, the powers of capital and the dynamic of accumulation. Digging into these four issues is bound to arouse theoretical and political controversy, but this cannot be avoided if we are to establish capitalism's historical specificity as a mode of production and its implications for economic and social policy. Accordingly, I first explore some of the more abstract and simple preconditions of organizing commodity production on capitalist lines, and then expand and deepen the initial definition through several spiral steps that specify some more concrete and complex features of capitalism. This essentially theoretical exercise should generate a richer set of categories with which to begin an analysis of the forms of economic and social policy and their changing roles in the overall reproduction and expansion of capitalism. Paradoxically, it will also help to reveal the limits of a purely capital- and class-theoretical approach to the myriad complexities of actually existing states and thereby establish the importance of combining it with other theoretical approaches that start out from different sets of social relations.

### The capitalist mode of production

What most distinguishes capitalism from other forms of producing goods and services for sale is the generalization of the commodity form to labour-power. This entails the historical development and subsequent reproduction and expansion of a labour market in which workers offer their labour-power for sale to capitalists in a formally free and equal commercial transaction. In abstract terms, the capital-labour relation operates as follows. Workers exchange their capacity to work for a wage and accept capital's right to (attempt to) control their labour-power in

the production process and to appropriate any profits (or absorb any losses) that result from its effort to produce goods or services for sale. Workers spend their wages on means of consumption according to the prevailing social norms of consumption and thereby reproduce their labour-power so that it can be sold once more.<sup>2</sup> In this way the wage serves as a cost of production (for all capitals), a means of self-reproduction (for labour) and a source of demand (in the first instance, for those capitals that produce consumer goods and, indirectly, for those capitals that produce capital goods). Although capital appropriates and transforms natural resources and also draws on the productive powers of nature (so that these resources and powers contribute to the production of use-values and any resulting increase in wealth), the socially necessary labour-power that is consumed in producing commodities is the sole source of real added value (and hence profit) for capital taken as a whole. This point holds in the aggregate regardless of how the resulting surplus may later be divided among particular capitals. Moreover, far from excluding the possibility that superprofits may derive from innovation, other temporary advantages, or monopoly positions at the expense of below-average profits for other capitals, it highlights how competition to generate such superprofits is an important source of capital's overall dynamic.

The generalization of the commodity form to labour-power does not mean that labour-power actually becomes a commodity. Instead it becomes a *fictitious commodity*. The latter is something that has the form of a commodity (in other words, that can be bought and sold) but is not itself created in a profit-oriented labour process subject to the typical competitive pressures of market forces to rationalize its production and reduce the turnover time of invested capital. There are four key categories of fictitious commodity: land (or nature), money, knowledge and labour-power. Each is often treated as a simple factor of production, obscuring the conditions under which it enters the market economy, gets transformed therein, and so contributes to the production of goods and services for sale. But this tendency to naturalize fictitious commodities as objectively given factors of production leads to the fallacious belief, strongly criticized by Marx, that economic value arises from the immanent, eternal qualities of things rather than from contingent, historically specific social relations.

'Land' comprises all natural endowments (whether located on, beneath or above the earth's surface) and their productive capacities in specific contexts. The current form of such natural endowments typically reflects the past and present social transformation of nature as well as natural developments that occur without human intervention. Virgin land and analogous resources are not produced as commodities by

capitalist enterprises but are appropriated as gifts of nature and then transformed for profit – often without due regard to their specific reproduction cycles, overall renewability, or, in the case of land, water and air, their capacities to absorb waste and pollution. Money is a unit of account, store of value, means of payment (for example, taxes, tithes and fines), and a medium of economic exchange. Regardless of whether it has a natural form (for example, cowrie shells), a commodity form (for example, precious metals) or a fiduciary form (for example, paper notes, electronic money), the monetary system in which such monies circulate is not (and could not be) a purely economic phenomenon that is produced and operated solely for profit. For money's ability to perform its economic functions depends critically on extra-economic institutions, sanctions and personal and impersonal trust. Insofar as money circulates as national money, the state has a key role in securing a formally rational monetary system; conversely, its increasing circulation as stateless money poses serious problems regarding the reregulation of monetary relations. Knowledge is a collectively produced common resource based on individual, organizational and collective learning over different time horizons and in varied contexts – non-commercial as well as commercial. Since knowledge is not inherently scarce (in orthodox economic terms, it is a non-rival good), it only gains a commodity form insofar as it is made artificially scarce and access thereto is made to depend on payment (in the form of royalties, license fees, etc.). Thus a profound social reorganization is required to transform knowledge into something that can be sold (Schiller 1988: 32). Finally, the ability to work is a generic human capacity. It gains a commodity form only insofar as workers can be induced or coerced to enter labour markets as waged labour. Moreover, even when it has acquired a commodity form, labour-power is reproduced through non-market as well as market institutions and social relations.

Some of the structural contradictions<sup>3</sup> and strategic dilemmas<sup>4</sup> that arise from extending the commodity form to land, money and knowledge are discussed in later chapters. Here, I focus briefly and commonsensically on labour-power as a generic human capacity. Human reproduction is not organized capitalistically – not yet, at least. Babies are rarely brought into this world as commodities (despite the commercial possibilities of surrogacy and new reproductive technologies); and they are typically cared for in families (or family surrogates) without serious resort to the cash nexus for such care. Mass education is still largely provided by not-for-profit public or private bodies (despite the neoliberal vogue for league tables and market proxies). Employees do not systematically orient their entire lives to opportunities for increased income (despite growing pressures on us all to become enterprising sub-

jects and to welcome the commodification of our entire lives) at the cost of other social relations. In short, although most people must sell their labour-power to be able to live and to participate fully in social life, they are not actually commodities – merely treated as if they were.

It is only when labour-power acquires a commodity form that the market-mediated self-valorization of capital becomes possible. Self-valorization is the process by which capital expands through the profitable reinvestment of past profits. This occurs through the repeated self-transformation of capital as it passes through the circuit of capital. This begins with the stage of money capital, when money as capital is used to purchase materials, means of production and labour-power, which are then combined in a production process through which value is added (the stage of productive capital). Capitalist production involves not only the material transformation of nature to add use-value but also the valorization of capital through the successful appropriation of any exchange-value added by the socially necessary labour time expended during the production process. Any exchange-value so created is only realized, however, by selling these commodities at a profit for money as revenue (the stage of commercial capital). Such sales are not guaranteed. The circuit is completed and renewed with the reinvestment – in the same and/or other areas of production – of the initial capital as augmented by part or all of this profit. As the circuit of capital becomes more developed and differentiated, distinct fractions of capital may emerge around specific functions within the circuit. Thus one can distinguish in elementary terms between money capital, productive capital and commercial capital – whilst recognizing that any individual capital, even if it is specialized in one phase of the circuit, must also engage in its other phases (Bryan 1995: 94–5). At more concrete-complex levels of analysis, richer sets of distinctions may be necessary or appropriate.

With the fictitious commodification of labour-power, the appropriation of surplus labour gains its distinctive capitalist mediation in and through market forces. In short, exploitation<sup>5</sup> takes the form of exchange. The formal subordination of ‘commodified’ labour-power to capital through the emergence of the market for wage-labour was reinforced historically when the exercise of labour-power in production was brought directly under capitalist control through machine-pacing in the factory system.<sup>6</sup> Commodification turns both the labour market and labour process into sites of class struggle between capital and workers.<sup>7</sup> The basic economic forms of this struggle are shaped by the wage form, the technical and social division of labour and the organization of capitalist production as an economy of time. But the dynamic of economic class struggle also has many other economic and extra-economic determinants and, in addition, class struggles typically spread beyond the economy in

its narrow sense to other areas of social organization. The nature of labour-power as a fictitious commodity also shapes the competition among capitals to secure the most effective valorization of labour-power and the appropriation of the resulting surplus value. Competition and class struggle are major sources of capitalism's open-ended dynamic as a mode of production. Lastly, when capital accumulation becomes the dominant principle of organization within the economy in its narrow sense, it also gains a significant influence on the overall nature of societies and, in certain circumstances, it may become the dominant principle of societal organization (see pp. 22–30).

The most important general law in capitalism is the law of value. This describes the tendency of capitalists to allocate resources to different fields of production according to expectations of profit (see box 1.1). Although this law is mediated through market forces and the price mechanism, the operation of which may or may not socially validate these private decisions, it is ultimately grounded in the sphere of production. For it is only here that new value is created through the application of socially necessary labour time and thereby becomes available for any subsequent validation, redistribution or even destruction.<sup>8</sup> Marx also described other laws and tendencies of capitalist economies. These need not concern us for the moment.<sup>9</sup> But we should note that he did not treat the law of value or other tendencies as iron necessities. Instead he emphasized their mediation through capitalist competition and class struggles.

Marx identified an essential contradiction in the commodity form between its exchange- and use-value aspects (Marx 1967). Exchange-value refers to a commodity's market-mediated monetary value for the seller; use-value refers to its material and/or symbolic usefulness to the purchaser. Without exchange-value, commodities would not be produced for sale; without use-value, they would not be purchased.<sup>10</sup> This was the basis on which Marx dialectically unfolded the complex dynamic of the capitalist mode of production – including the necessity of periodic crises and their role in reintegrating the circuit of capital as a basis for renewed expansion. Building on this argument, I suggest that all forms of the capital relation embody different but interconnected versions of this basic contradiction and that these impact differentially on (different fractions of) capital and on (different strata of) labour at different times and places. I discuss different forms of this contradiction in the next section.

These contradictions also affect the wider social formation and are necessarily reproduced as capitalism itself is reproduced. But they need not retain the same relative weight or significance for accumulation or regulation. Indeed, as we shall see, differences in this regard provide one way to distinguish different stages and/or varieties of capitalism. We

**Box 1.1** *The 'law of value' in capitalism*

In general terms, the law of value suggests that more time will be spent on producing commodities whose market price is above their price of production as measured by the socially necessary labour time involved in their creation. Conversely, less time will be spent on producing commodities whose market price is lower than their price of production. In capitalist economies this mechanism is complicated, as competition tends to equalize rates of profit even though individual capitals may employ different ratios of physical capital and wage-labour – although the latter is the only source of 'added-value'. Accordingly it is fluctuations in *profits* (market price less cost price) which mediate the law of value in capitalism. In response to these fluctuations and in anticipation of how they might develop in future, individual capitals decide how to allocate not only labour-power but also physical capital to production, distribution and circulation. Whether or not these calculations prove correct and they can sell the resulting commodities at a profit depends on the subsequent operation of market forces and is therefore inherently uncertain. Total production in capitalist economies depends on the uncoordinated decisions of competing capitals about opportunities for profit from different patterns of investment and production. Profit depends not only on the demand for different commodities (reflecting their prevailing use-value) but also on the rate of economic exploitation in different branches of production. It is therefore crucially related to the course and outcome of struggles between capital and labour at many different points in the circuit of capital and in the wider social formation.

should also add here that 'the reproduction of these contradictions with their contradictory effects and their impact on the historical tendency of capitalist development depends on the *class struggle*' (Poulantzas 1975: 40–1; italics in original). I discuss later how appropriate it is to describe different forms of social struggle bearing on capital accumulation in terms of class struggle (see pp. 31–2). It is enough to argue for now that various class-relevant social struggles shape the forms in which the various contradictions and dilemmas of the capital relation come to be expressed in specific conjunctures; they also affect the manner and extent to which possible bases for renewed expansion, if any, get established, blocked or overturned. This explains why accumulation involves an ever-changing balance among repeated cycles of self-valorization, continuous

self-transformation, bouts of crisis-induced restructuring and other modalities of change. These are often linked to new patterns of time–space distantiation and compression (see p. 112) as well as to shifts in the dominant spatio-temporal horizons and the leading places and spaces for accumulation. The complexity of these aspects vitiates any unilinear account of the stages of capitalism because they permit different trajectories in different sets of circumstances. For the same reason it precludes any attempt to interpret accumulation in terms of some kind of equilibrium theory.

### Capital as an object of regulation

Together, these contradictions and dilemmas mean that the capital relation cannot be reproduced entirely through market exchange and is therefore prone to what is often expressed ideologically as ‘market failure’. This means that the improbable self-valorization of capital cannot be explained in terms of some alleged self-correcting, self-expanding logic. This leads us to consider the mechanisms through which, despite capital’s contradictions, accumulation may get regularized and reproduced. These extend well beyond the capitalist economy in its narrow sense (profit-oriented production, market-mediated exchange) to include various direct and indirect extra-economic mechanisms. Moreover, insofar as these extra-economic mechanisms also reproduce the contradictions and dilemmas inherent in the economic mechanisms of the capital relation, they further expand the scope for agency, strategies and tactics to shape the course of accumulation and the manner in which these contradictions and dilemmas are expressed. This in turn requires any analysis of the improbable nature of capital accumulation to take agency seriously.

We can best understand what is involved here if we ask why capitalism needs regulating. The answer lies in the indeterminate but antagonistic nature of the capital relation and its dynamic. This has three key aspects:

- the incompleteness of capital as a purely economic (or market-mediated) relation such that its continued reproduction depends, in an unstable and contradictory way, on changing extra-economic conditions;
- the various structural contradictions and strategic dilemmas inherent in the capital relation and their changing structural articulation and forms of appearance in different accumulation regimes, modes of regulation, and conjunctures; and
- conflicts over the regularization and/or governance of these contradictions and dilemmas as they are expressed both in the circuit of capital and the wider social formation.



The first aspect refers to the inherent incapacity of capitalism to achieve self-closure in economic terms or, in other words, to its inability to reproduce itself wholly through the value form in a self-expanding logic of commodification. This is linked to the fictitious nature of land, money, knowledge and, above all, labour-power as commodities and to the dependence of accumulation not only on these fictitious commodities but also on various non-commodity forms of social relations. This incompleteness is a constitutive, or defining, feature of capitalism and has major implications for its overall dynamic. Even at the most abstract level of analysis, let alone in its actually existing forms, the reproduction of capitalism depends on its achieving an inherently unstable balance among market-mediated economic supports and other, extra-economic supports whose efficacy depends on their location beyond market mechanisms. This excludes the eventual commodification of everything and, a fortiori, rules out a pure capitalist economy. The resulting instability explains uneven waves of commodification, decommodification and recommodification as the struggle to extend the exchange-value moments of the capital relation encounters real structural limits and/or increasing resistance and, likewise, as new ways to overcome these limits and resistance are sought (Offe 1984). It is also associated with uneven waves of territorialization, deterritorialization and reterritorialization (Brenner 1999a,b) and the search for new forms of spatio-temporal fix as prevailing fixes begin to decompose (Jessop 1999a; 2000; 2001b; and section 4 below). Such structural limits and contradictions (and their associated 'market failures') provide chances to shift direction insofar as capitalism is constantly oriented, under the pressure of competition, to new opportunities for profit. This open-ended dynamic excludes any final destination towards which the logics of capital accumulation and/or class struggle ineluctably draw it (for elaboration, see Postone 1993). In short, viewed substantively, capitalism has no pre-given trajectory.

Second, accumulation within the capitalist economy as a whole depends essentially on profit-oriented, market-mediated exploitation of wage-labour in the labour process. For, while markets mediate the search for added value and modify its distribution within and across classes, they cannot themselves produce it. Moreover, the very process of commodification rooted in the spread of the market mechanism generates structural contradictions that cannot be resolved by that mechanism. Many of these contradictions and their associated strategic dilemmas are different expressions of the basic contradiction between exchange- and use-value in the commodity form (see table 1.1).

Thus productive capital is both abstract value in motion (notably in the form of realized profits available for reinvestment) and a concrete stock of already invested time- and place-specific assets in the course of

Table 1.1 Sources of tension in basic forms of the capital relation

<i>Form</i>	<i>Exchange-value moment</i>	<i>Use-value moment</i>
Commodity	Exchange-value	Use-value
Labour-power	(a) abstract labour as a substitutable factor of production (b) sole source of surplus value	(a) generic and concrete skills, different forms of knowledge (b) source of craft pride for worker
Wage	(a) monetary cost of production (b) means of securing supply of useful labour for given time	(a) source of effective demand (b) means to satisfy wants in a cash-based society
Money	(a) interest bearing capital, private credit (b) international currency (c) ultimate expression of capital in general	(a) measure of value, store of value, means of exchange (b) national money, legal tender (c) general form of power in the wider society
Productive capital	(a) abstract value in motion (or money capital) available for some form of investment in future time and place (b) source of profits of enterprise	(a) stock of specific assets to be valorized in specific time and place under specific conditions (b) concrete entrepreneurial and managerial skills
Land	(a) 'free gift of nature' that is [currently] unalienable (b) alienated and alienable property, source of rents	(a) freely available and uncultivated resources (b) transformed natural resources
Knowledge	(a) intellectual property (b) monetized risk	(a) intellectual commons (b) uncertainty
State	Ideal collective capitalist	Factor of social cohesion

being valorized; the worker is both an abstract unit of labour-power substitutable by other such units (or, indeed, other factors of production) and a concrete individual (or, indeed, a member of a concrete collective workforce) with specific skills, knowledge and creativity;<sup>11</sup> the wage is both a cost of production and a source of demand; money functions both as an international currency exchangeable against other currencies (ideally in stateless space) and as national money circulating within national societies<sup>12</sup> and subject to some measure of state control; land functions both as a form of property (based on the private appropriation of nature) deployed in terms of expected revenues in the form of rent and as a natural resource (modified by past actions) that is more or less renewable and recyclable; knowledge is both the basis of intellectual property rights and a collective resource (the intellectual commons). Likewise, the state is not only responsible for securing certain key conditions for the valorization of capital and the reproduction of labour-power as a fictitious commodity but also has overall political responsibility for maintaining social cohesion in a socially divided, pluralistic social formation. In turn, taxation is both an unproductive deduction from private revenues (profits of enterprise, wages, interest, rents) and a means to finance collective investment and consumption to compensate for 'market failures'. And so forth.

These structural contradictions are inherent in the capital relation, and the tensions and dilemmas that they generate provide an important entrypoint into the general analysis of capital accumulation. Nonetheless it is also important to recognize that they can assume different forms and different weights in different contexts. They can also prove more or less manageable depending on the specific spatio-temporal fixes and institutionalized class compromises with which they are from time to time associated. These differences provide in turn an important entrypoint for analysing different stages and/or varieties of capitalism. It is in this context that I will argue that the KWNS is just one set of mechanisms among several through which the always problematic delivery of capitalist economic and social reproduction comes to be organized. It coexists with other such mechanisms to produce a specific reproduction regime involved in the overall regulation of capitalism and its embedding into the wider society (see chapters 2 and 4).

Third, modes of regulation and patterns of governance vary considerably. There are various ways in which to seek the closure of the circuit of capital and/or to compensate for lack of closure in securing continued accumulation. Which of these patterns comes to dominate depends on the specific social and spatio-temporal matrices in which these attempts occur. Indeed, despite the inherent tendency for capital accumulation to continue expanding until a single world market is created, there are

major countertendencies and other limits to the complete realization of globalization, especially but not only in its neoliberal form (see chapters 3 and 5; also Altvater and Mahnkopf 1999; Polanyi 1944). Thus specific accumulation regimes and their modes of regulation are typically constructed within specific social spaces and spatio-temporal fixes. Taken together, these three sets of factors imply that there is no single best solution to the regularization of capital accumulation – instead, various accumulation regimes and modes of regulation will be associated with their own distinctive forms of appearance of the basic contradictions, dilemmas and conflicts noted above. The overall course of accumulation will depend in turn on how these different solutions complement each other and/or win out in competition in the world market.

## 2. Accumulation as a Principle of Societalization

The self-valorization of capital can occur where most of the key inputs into capitalist production take the form of (real or fictitious) commodities; there is effective control over labour-power within the labour-process; the environment is sufficiently stable to enable capitals to systematically orient their activities to opportunities for profit; and profits can be realized and reinvested. None of this requires that all social relations have been subsumed under the commodity form and entirely subordinated to market forces. Indeed, capitalism would be impossible if this were so. On the contrary, there is wide variation in how far capitalist market forces (and the associated logic of profit-seeking) come to dominate the overall organization and dynamics of social formations. This raises questions about the conditions under which accumulation can become the dominant principle of societal organization (or societalization). For there are always interstitial, residual, marginal, irrelevant, recalcitrant and plain contradictory elements that escape subordination to any given principle of societalization and, indeed, serve as reservoirs of flexibility and innovation as well as actual or potential sources of disorder. This implies in turn that there is ample scope for conflict over societal projects that privilege radically different organizational principles as well as for conflict over rival projects based on the same principle. Thus social formations may be relatively unified under the dominance of religion (theocracies), military-police considerations (national security states), nation-building (new nations), socially constructed ‘racial’ demarcations (apartheid), capital accumulation (bourgeois societies), etc. (on societalization, see Jessop 1990b: 4–6).

In this sense bourgeois societalization involves far more than continuing accumulation. This can also occur in theocracies, national security states, new nations, revolutionary situations or state socialist societies.

What bourgeois societalization really involves is the relative subordination of an entire social order to the logic and reproduction requirements of capital accumulation. This could be described as ‘the embedding of the market economy in a market society’ (Polanyi 1944); as the development of an ‘historic bloc’ between the economic base, juridico-political superstructure and forms of consciousness (Gramsci 1971); or as the rise of a ‘bourgeois civilization’. Four different mechanisms can contribute to such a situation: economic determination, ecological dominance, economic domination and bourgeois hegemony. The first principle is a systemic feature of the operation of the economy, the second concerns the systemic relations between the economy and other systems, the third concerns the institutional and organizational dimensions of structural power in the economy and/or the relation between economic agents and extra-economic forces, and the fourth mechanism operates in the first instance on an ideational or discursive plane – although successful hegemony also tends to become structurally embedded and dispositionally embodied.

### Economic determination

Many orthodox Marxists have argued for determination in the last instance of the extra-economic by the economic. This amounts to the claim that the social relations of production ultimately determine the form and functions of juridico-political institutions and the so-called ideological superstructure. There is little merit in this argument and, indeed, even on casual inspection, it is incoherent. For the social relations of production could play this determining role only on two conditions: (1) if they were wholly self-contained and self-reproducing and thus operated as a cause without cause; and (2) if there were a necessary correspondence between the economy, other institutions and the lifeworld. Once we allow for the interdependence of the economic and extra-economic, however, the economic alone could never be determinant in the first, last or any intermediate instance. For the economic lacks the self-closure necessary to determine the extra-economic without being reciprocally determined by the latter in turn. The same argument applies even more forcefully to claims about technological determinism, which assert the ultimately determining role of the forces of production. An alternative way of dealing with this general issue, in terms of ecological dominance, is suggested just below.

Dismissing the ultimately determining role of the forces of production and/or the technical and social relations of production for an entire society does not, however, exclude their importance within the economy. Here the principle of economic determination can be stated in terms of the primacy of production in the overall circuit of capital. By extension,

it means the primacy of productive capital (not to be equated solely with industrial capital) over money or commercial capital. This involves no more (but certainly no less) than the fact that wealth must first be produced before it can be distributed or, in Marxist terms, that value must first be produced before it can be realized. The recent rise and fall of the so-called new economy based on the dot.com bubble illustrates this well because the cash-burn rate of dot.com firms was unsustainable and their collapse destroyed value created elsewhere. Likewise, an expansion of state credit to stimulate demand without a matching increase in production can trigger inflation (on inflation in Atlantic Fordism, see chapter 2).

This means in turn that the course of capital accumulation is primarily shaped by the organization of the capitalist economy under the dominance of the value form and its dynamic mediation through the capitalist law of value. Because production lies at the heart of the circuit of capital, productive capital's performance is vital to the overall accumulation process. This implies that the real rates of return on money capital (including credit), commercial capital and landed capital depend in the long term on continued valorization of productive capital. In turn this depends on capital's continued ability to control the terms, conditions and performance of wage-labour and, since added value can be realized only through sale of commodities at appropriate volumes and prices, to ensure that its products are marketable. Owing to the multiplicity of distinct, autonomous centres of production and their output of goods and services in the form of commodities, however, the coordination of the capitalist economy is essentially anarchic, mediated through market forces and competition. Market forces operate *ex post* rather than *ex ante* and this always poses problems regarding the eventual validation of capital's decisions and production (for an extended discussion of market failure, see chapter 6). This holds true even though firms themselves rely more on top-down organization and internal networking than on internal markets and may also cooperate with other economic agents in joint projects. For the underlying competitiveness and current competitive strategies of such firms and alliances will still be exposed to the audit of the market's invisible hand. This account of economic determination, with its emphasis on production, has major implications for analysing the contradictions and dilemmas of so-called post-industrial or knowledge-based capitalism (see chapter 3).

### Ecological dominance

This concept was initially developed in the biological sciences. Ecological dominance refers there to the fact that one species exerts an over-riding influence upon the other species in a given ecological community.

This idea can usefully be extended to social systems. This requires that due allowance be made both for the latter's specificities as communicatively or discursively mediated systems and for the capacity of social forces to reflect on, and learn about, their own evolution, to engage in deliberate attempts (successful or not) to guide it, and even to modify the forms in which evolution itself evolves (Willke 1997: 48–51). Thus understood, ecological dominance refers to the structural and/or strategic capacity of a given system in a self-organizing ecology of systems to imprint its developmental logic on other systems' operations far more than these systems are able to impose their respective logics on that system.<sup>13</sup> This capacity is always mediated in and through the operational logics of other systems and the communicative rationalities of the lifeworld. For example, the ecological dominance of capitalism over modern states is mediated in part through state managers' calculations about the likely impact of their decisions on alterations in the money markets and fisco-financial system on which state revenues depend. Conversely, state activities and performance tend to impact on the economy through market actors' calculations about their impact on opportunities for profit (or other forms of income). For example, whereas the imperialist roles of Britain and the USA have been associated with strong military-industrial complexes, we find a well-developed 'social-industrial' complex in social democratic welfare regimes (O'Connor 1973). Another example of the relatively path-dependent structural coupling and co-evolution of economic and political regimes can be found in the forms of labour flexibility encouraged by different welfare regimes. Thus liberal welfare regimes with hire-and-fire labour markets encourage employers to exercise their rights to manage, discourage workers from investing in firm-specific skills, and promote the expansion of low-wage private sector services. In contrast, social democratic and Christian democratic (or corporatist-conservative) welfare regimes are associated with economic and social rights that produce relatively inflexible, high-wage labour markets; this encourages workers to acquire firm- or branch-specific skills, prompts firms to take advantage of a skilled labour force and develop high-tech, high-productivity processes and products to recover their higher wage costs, and discourages the expansion of low-wage, low-productivity services sectors (Estevez-Abe et al. 2001; Scharpf 1997). As for the lifeworld, the ecological dominance of capitalism depends on the extent to which monetized, profit-and-loss calculation penetrates the lifeworld at the expense of other modes of calculation and subjectivity. In turn, other identities, values and modes of calculation will affect the capitalist economy mainly insofar as they shape opportunities for profit (or other forms of income) – for example, as sources of labour market segmentation, threats to wage differentials, or an opportunity to develop

new markets. I explore what this implies for resistance to capitalism in the next section.

Ecological dominance is always differential, relational and contingent. Thus a given system can be more or less ecologically dominant; its dominance will vary across systems and in different spheres or aspects of the lifeworld; and its dominance will depend on the development of the entire social ecosystem. This does not mean that the ecologically dominant system will not be affected by the operation of other systems or that specific social forces will not attempt to reverse, brake or guide that dominance. Rather, as its name implies, ecological dominance involves an *ecological relation* where one system becomes dominant in a complex, co-evolving situation; it does not involve a one-sided *relation of domination* where one system unilaterally imposes its will on others (cf. Morin 1980: 44). There is no ‘last instance’ in relations of ecological dominance – they are always contingent. Thus we must study the historically specific conditions under which accumulation tends to become the ecologically dominant process in the wider social formation.

The relevance of ecological dominance to our concerns becomes clear once we recall that capitalism cannot be reproduced solely through the value form. It depends on other systems and the lifeworld to help close the circuit of capital and to compensate for market failures. Outside a fully imaginary pure capitalist economy, then, capitalism is structurally coupled to other systems and the lifeworld. Thus the development of the capitalist (market) economy is closely tied to non-economic factors. It never follows a purely economic logic.

Since other systems and the lifeworld are structurally coupled to the economy as well as each other, we should ask which, if any, of them could become ecologically dominant. There are at least five analytically distinct, but empirically interrelated, aspects that affect a system’s potential in this regard in the social (as opposed to biological) world:

- the extent of its internal structural and operational complexity and the resulting degrees of freedom this gives it in securing a given outcome;
- its ability to continue operating, if necessary through spontaneous, adaptive self-reorganization, in a wide range of circumstances and in the face of more or less serious perturbations;
- its capacities to distantiate and compress its operations in time and space to exploit the widest possible range of opportunities for self-reproduction;
- its capacity to resolve or manage its internal contradictions, paradoxes and dilemmas, to displace them into its environment, or defer them into the future; and



- its capacity to get actors in other systems and the lifeworld to identify its own operations as central to the reproduction of the wider system of which it is always and necessarily merely a part – and thus to get them to orient their operations more or less willingly to their understanding of its particular reproduction requirements.

In general terms, the capitalist economy, with its distinctive, self-valorizing logic, tends to have just those properties that favour ecological dominance. It is internally complex and flexible because of the decentralized, anarchic nature of market forces and the price mechanism's dual role as a stimulus to learning and as a flexible mechanism for allocating capital to different economic activities. Moreover, as capitalism develops, different organizations, institutions and apparatuses tend to emerge to express different moments of its contradictions, dilemmas and paradoxes and these may then interact to compensate for market failures within the framework of specific spatio-temporal fixes. Capital also develops its capacity to extend its operations in time and space (time–space distantiation) and to compress them (time–space compression), making it easier to follow its own self-expansionary logic in response to perturbations. Through these and other mechanisms it develops the capacity to escape the particular structural constraints of other systems and their attempts at control even if it cannot escape from its overall dependence on these systems' general contribution to its own operation or, of course, from the crisis-tendencies associated with its own internal contradictions and dilemmas. Attempts to escape particular constraints and particular attempts at control can occur through its own internal operations in time (discounting, insurance, risk management, futures, derivatives, etc.) or space (capital flight, relocation, extra-territoriality, etc.), through the subversion of the logic of other systems through their colonization by the commodity form, or through simple personal corruption. In certain conditions it can also win support for the primacy of accumulation over other principles of societalization in the continuing struggle for political, intellectual and moral leadership.

Nonetheless, ecological dominance, insofar as it exists, is always contingent and historically variable. It depends on the specific properties of accumulation regimes and modes of regulation, the nature of other systems in its environment, and specific conjunctural features. Other systems and their actors will be more or less able to limit or resist commodification and to steer economic activities by imposing their own systemic priorities and modes of calculation on the economy. By way of illustration, consider the impact of a territorial state committed to an alternative principle of societalization and willing to accept the political costs of de-coupling from the world market.<sup>14</sup> Conversely, the rise or

re-emergence of globalization, especially in its neoliberal form, is important in enhancing the ecological dominance of capital by expanding the scope for accumulation to escape such constraints (Jessop 2000: 328–33; chs 3 and 5). Yet this will also enhance the scope for the contradictions and dilemmas of a relatively unfettered (or disembedded) capitalism to shape the operation of other systems and may thereby undermine crucial extra-economic conditions for accumulation.

Moreover, even when conditions do favour the long-term ecological dominance of the capitalist economy, other systems may gain short-term primacy in response to crises elsewhere. For no individual system represents, or can substitute for, the whole. Each autopoietic system is both operationally autonomous and substantively interdependent with other systems. Even an ecologically dominant system depends on the socially adequate performance of other systems and a normally subordinate system may become dominant in exceptional circumstances. This would occur to the extent that solving a non-economic crisis becomes the most pressing problem for the successful reproduction of all systems – including the capitalist economy. For example, during major wars or preparations for them, states may try to plan or guide the economy in the light of perceived military-political needs. This can also be seen in Cold War national security states (for example, Taiwan, South Korea). After such states of emergency have ended, however, the primacy of accumulation is likely to be re-asserted. This does not exclude path-dependent traces of such exceptional conditions in the normally dominant system (for example, the distinctive features of peacetime war economies or legacies of total war on postwar economic trajectories). But, even given such path-dependency, the ‘quasi-transcendental meta-code’<sup>15</sup> of the ecologically dominant system will still impact more on other systems’ development in the multilateral process of structural coupling and co-evolution than they can on it.

### Economic domination

Economic domination has two dimensions. The first is internal to the economy and concerns the power of one or another fraction of capital (or simply a cartel or even a single firm) to impose its immediate interests on other fractions, regardless of their wishes and/or at their expense. Such domination can derive directly from the position of the relevant fraction (cartel, firm) in the overall circuit of capital in a specific economic conjuncture and/or indirectly from the use of some form of extra-economic coercion (including the exercise of state power). Interestingly, many business strategy handbooks provide advice on how best to build and defend such dominant market positions to avoid exposure to the raw winds of perfect competition. There is wide scope for variation in the

incidence and exercise of economic domination – subject to the requirement that this must ultimately be compatible with continued valorization of productive capital. If the latter does not occur on an appropriate scale (up to the global), there will be a declining mass of surplus value for distribution among all capitals. In turn, this will provoke a crisis in the accumulation regime or long-run decline, which can only be resolved capitalistically by developing an effective new accumulation strategy and institutionalizing it. How this tension between economic domination and the valorization of productive capital plays itself out is one of the key differentiating factors across varieties of capitalism and specific accumulation regimes, with their distinctive modes of regulation and governance (for an early discussion of economic domination in this sense, albeit in different terms, see Veblen 1958, 1967; and, for a recent interpretation of Veblen in similar terms, see Nitzan 1998).

The second dimension of economic domination involves the articulation of the economic and extra-economic. Here, it refers to the capacity of capital in general, a given fraction of capital, or particular capitals to steer the evolution of other institutional orders in line with the demands of capital accumulation, either through sheer structural power or through specific strategic capacities. Such domination is grounded in the nature of capitalism, can express itself in several ways and can, in certain circumstances, become a major element in the more general ecological dominance of capitalism. First, and most crudely, capital can use its ‘strike’, ‘sabotage’ and ‘flight’ powers to secure the compliance of other systems (such as the state) with its specific reproduction requirements. In the long term this capacity is grounded in the tendential ecological dominance of the capitalist economy; in the short term, it depends on specific forms of material interdependence between the economic and non-economic. Second, as capital searches for new sources of valorization, commodity relations can be extended into spheres not currently subject to the logic of accumulation. This process is seen in commodification of political, educational, health, scientific and many other activities, so that they come to be primarily and directly oriented to opportunities for profit. Third, capital can seek to impose an economizing, profit-seeking logic on other systems, even though their activities remain largely non-commercial. This becomes evident when the choice among these non-commercial activities is shaped by calculations about the economic profitability of applying the relevant primary code in one way or another. For example, neoliberal educational, health, scientific and other ‘reforms’ are intended to induce decision-makers in these systems to become more business-like. They are induced to make judgments on educational, medical or scientific matters not only in terms of their respective primary codes, but also in terms of their financial implications. This is reflected in careerism, the influence of market proxies in

non-commercial organizations and the subordination of diverse institutions to the (perceived, alleged) imperatives of a strong and healthy (internationally competitive) economy.

### Economic hegemony

Accumulation strategies involve efforts to resolve conflicts between the needs of capital in general and particular capitals by constructing an imagined 'general economic interest' that will always and necessarily marginalize some capitalist interests. Economic hegemony exists where a given accumulation strategy<sup>16</sup> is the basis for an institutionalized compromise between opposed social forces for coordinating, governing or guiding activities within and across different institutional orders around the pursuit of a particular economic trajectory. Interests are not only relational but also relative, such that a given actor only has interests in relation to others and relative to different spatial and temporal horizons. The imagined general interest limits the identities and relations relative to which interests are calculated; and it defines the spatial and temporal horizons within which this occurs. It involves specific notions about which identities and interests can be synthesized within a general interest, about the articulation of different temporal horizons (short-, medium- and long-term, business cycle, electoral cycle, long wave, etc.), and about spatial horizons (local, regional, national, supranational, etc.). Thus a conception of the general economic interest privileges some identities, interests and spatio-temporal horizons and marginalizes or sanctions others. It also refers to what is needed to secure an institutionalized class compromise appropriate to that accumulation strategy and to address wider problems of social cohesion. In all these respects it is closely related to spatio-temporal fixes (see below).

The conditions for accumulation and regulation often get identified only through a trial-and-error search that reveals them more through repeated failure than sustained success. Moreover, there is nothing in the economic logic of accumulation that entails that it will inevitably subordinate other institutional orders or colonize the lifeworld. To the extent that this occurs, it depends on the outcome of political and ideological struggles around political projects and hegemonic visions as well as on the ecological dominance of the circuit of capital (for further discussion, see Jessop 1990b: 196–219, 307–37).

### Capitalist societalization and resistance

Approaching capitalist societalization in these terms enables us to identify sources of resistance to capitalist dominance, domination and hege-

mony. First, where valorization dominates, class struggles emerge. This happens not only in the capitalist economy narrowly seen – the main field of the economic class struggle between capital and labour – but also in various extra-economic contexts linked to capitalist exploitation. Moreover, if commodification is pushed beyond certain limits, ‘market failure’ will threaten capital accumulation as a whole. Second, where another system code or non-class identities remain primary, the imposition of profitability as a secondary code may be resisted. For institutional orders and social relations outside the immediate logic of valorization typically have their own values and norms, bases of social inclusion or exclusion, their own forms of structured conflict, and so forth. This tendency is also structurally limited by market failures of different kinds. Third, attempts to establish capitalist hegemony often provoke counter-struggles to resist the claim that accumulation is the key precondition for realizing other social goals. This takes us well beyond actions to modify or challenge system logics to include the lifeworld, which, with its wide range of identities, values and interests, can be a major source of resistance to (as well as site for struggles to establish) bourgeois hegemony.

### On class struggle

It is only through a very elastic and imprecise use of the concept that all these forms of resistance can be entirely reduced to class struggle. I prefer to restrict the latter term to struggles to establish, maintain or restore the conditions for self-valorization within the capitalist economy understood in its inclusive sense. This certainly extends well beyond struggles over wages and working conditions to include such aspects of modes of economic regulation as the money form, modes of competition, economic and social policy regimes, or international economic regimes. Moreover, even in this broad (but far from all-embracing) context, it is useful to distinguish explicit ‘class consciousness’ from the actual impact of different struggles. This distinction matters for two main reasons: first, the proclaimed class identity of a given social force and/or form of struggle could be deliberately misrepresented, simply mistaken or wholly imaginary; second, the polyvalence of all social struggles means that their provisional outcomes can often be recuperated or subverted at later dates. The class relevance of particular struggles is never given once and for always but is both fought for and played out over time and space. There is certainly no univocal correspondence between the declared class belonging (i.e. location, affiliation or membership) and the actual class impact of particular social movements or forms of struggle. Nor, equally obviously, can class interests or their impact be derived from abstract positions in the capital relation. Any calculation of such

interests requires participants or observers to undertake a strategic-relational analysis of specific conjunctures – including the extent to which accumulation is the dominant principle of societalization (see Jessop 1982: 241–7).

The remaining sites and stakes of resistance to capitalism are less suited to a simple class analysis (see table 1.2). They often involve conflicts over the very principle of accumulation itself rather than over class interests within capitalism. They involve both the extension of the logic of capital to other spheres and attempts to establish bourgeois hegemony over society as a whole. Such conflicts often mobilize popular movements organized around issues of social exclusion and marginalization and/or ‘elite’ social movements concerned to realign diverse institutional orders, identities and interests. ‘Civil society’ can become a major stake in many of these conflicts. It is the site both of colonizing struggles to integrate civil society more effectively into the service of one or another specific institutional order (for example, through commodification, juridification, scientization, the rise of the ‘learning society’, politicization, militarization, etc.) and also of struggles to resist and roll back such colonization attempts in defence of identities and interests that lie outside and/or cross-cut them (for example, class, gender, sexual orientation, ‘race’, nation, stage in the life-course, disability, citizenship, human rights, or the environment). In this sense, popular or elite movements organized around extra-economic institutional orders, with their own modes of domination and exclusion and their own politics of identity and difference, have no necessary class belonging (Laclau 1977). But they still have a conjunctureally determined – thus hard to calculate and provisional – class relevance. The opposite problem occurs as ostensibly non-class movements (such as feminism or anti-racist movements) seek to calculate the strategic or tactical value of alliances with class-based or largely class-relevant movements. All such struggles involve serious strategic dilemmas. These include the relative weight to be attached to different bases of mobilization in broad coalitions; and the risks of political fragmentation when there are no attempts to build lasting coalitions when there are many such bases (Poulantzas 1978). The struggle to establish accumulation as a dominant/hegemonic principle of societalization typically extends well beyond class struggles, even broadly understood.

### Some preliminary conclusions and caveats on capitalism

I have now presented the initial set of concepts to be used in the following analysis of capital accumulation and its implications for the future of the capitalist state. Different sets of concepts would be appropriate if my main interest were in other aspects of capitalism and/or social

Table 1.2 Bases of capitalist societalization and resistance thereto

<i>Base of bourgeois societalization</i>	<i>Mode of resistance</i>	<i>Typical actors mobilized for or against this basis</i>
Development of the market 'Fictitious' commodification and imposition of the value form in economic relations	Class struggles in their proper sense – including struggles against the extra-economic conditions for the dominance of value forms	(a) Individuals and/or collectivities with class identities (b) Other social forces whose struggles are relevant to consolidation of this basis
Imposition of 'economizing' logic in non-economic areas	Struggles for the primacy of other modes of calculation	Various social categories identified with and/or supportive of other values and modes of calculation
Ecological dominance of capitalist economy	Struggles to privilege the operational logic of some other system or systems	Advocates of other logics (e.g., legality, military security, health, religion)
Economic hegemony of a given accumulation strategy	Struggles to consolidate a counter-hegemonic project that prioritizes values other than the logic of permanent capitalist expansion	Forces based in 'lifeworld' allied with social categories from non-economic systems and with subordinate social classes  Such struggles may become the basis for a new hegemonic bloc, i.e., a durable alliance based on alternative hegemonic project

formations. As my approach to these issues is rooted in Marxist theory but departs from many orthodox interpretations, it is worth listing some of the conceptual innovations that distinguish the proposed form-analytic and strategic-relational reading of Marxism from some of the more orthodox interpretations that have been developed during its long and troubled history. Many of these innovations have either been adumbrated or more fully developed elsewhere: for example, in the regulation approach, recent Marxist state theory and critical discourse analysis. My other source of inspiration is the theory of self-organizing systems, their structural coupling and co-evolution. Table 1.3 presents some of the main innovations (including some to be introduced later in this chapter) for the research programme enabled by this approach but the initial test of their heuristic and explanatory power must await more detailed analyses in other chapters.

Five caveats are also needed before we consider the form and functions of the capitalist type of state. First, while many institutions are related to fundamental categories of the capital relation (such as the commodity, labour-power, money, capital or price), the different forms they adopt are irreducible to these basic categories. Institutions matter.<sup>17</sup> The extensive body of work on successive stages of capitalist development and/or varieties of capitalism illustrates this well. Such work examines how different configurations of structural forms can be stabilized and will lead to different weights being attached to different contradictions and dilemmas and to their different aspects, to different patterns of conflict and compromise, and to different prospects of displacing and/or deferring problems and crisis-tendencies. Such work can be taken yet further by considering the complementarities and conflicts over different time horizons and on different scales not only within but also across different varieties of capitalism. Second, particular structural and institutional forms are always constituted in and through action, always tendential and always in need of stabilization. In particular, any tendencies linked with particular accumulation regimes or modes of regulation, let alone with capitalism itself, are themselves always tendential. This doubly tendential nature of tendencies means that the very presence of the tendencies linked with a given accumulation regime or mode of regulation (whether or not such tendencies are also actualized in specific circumstances) depends on the extent to which the social forms that generate them are themselves reproduced. This implies that the incomplete realization and/or subsequent decomposition of a given social form will attenuate what would otherwise be regarded as its otherwise naturally necessary tendencies. Third, structural forms and institutions never wholly constrain actions. For our purposes this means that struggles will tend to overflow structural forms that were instituted to contain them or



Table 1.3 Some new concepts in the strategic-relational approach

<i>Some orthodox Marxist arguments</i>	<i>The strategic-relational alternatives</i>
<p>Economic determination in the last instance of overall social formation and its development. This occurs through the development of productive forces and/or the development of the social relations of production</p>	<ul style="list-style-type: none"> <li>(a) Necessary tendential primacy of productive capital within circuit of capital</li> <li>(b) Contingent ecological dominance of capital accumulation in wider society</li> </ul>
<p>Relative autonomy of the capitalist state as an 'ideal collective capitalist' with no more nor less autonomy than is required to secure the complex economic, political and ideological conditions for accumulation</p>	<ul style="list-style-type: none"> <li>(a) Operationally autonomous, institutionally separate political system such that</li> <li>(b) this separation problematizes state's performance for and on behalf of capital</li> </ul>
<p><i>Either</i>            Unilateral determining role of the economic base in relation to the juridico-political superstructure and major forms of social consciousness  <i>Or</i>            Mutual functional linkages between economic base, juridico-political superstructure and ideologies serve to reproduce the capitalist economy</p>	<ul style="list-style-type: none"> <li>(a) Mutual structural coupling of operationally autonomous systems under 'ecological dominance' of accumulation (strongest when the world market is fully developed)</li> <li>(b) 'Spatio-temporal fix' <i>may</i> help to displace or defer contradictions, dilemmas, etc.; but this is always limited, provisional, and may not coincide with state boundaries</li> <li>(c) An 'historic bloc' <i>may</i> emerge from structural coupling and co-evolution of different institutional orders in a social formation</li> </ul>
<p>Civil society is a distinct sphere beyond the state and the market where individuals pursue their own egoistic self-interests</p>	<p>'Lifeworld' is a realm of identities, values, modes of calculation and social relations not anchored in specific systems or their logics</p>
<p>Class struggle develops to the extent that objectively pre-given classes (defined by their place in the relations of production) become more active, class-conscious 'classes-for-themselves' and also develop the appropriate forms of economic and political organization to serve their interests</p> <p>The latter are also objectively pre-given by classes' respective places in production, the wider social formation and the general logic of capitalist development</p>	<ul style="list-style-type: none"> <li>(a) Distinguish 'class identities' from the 'class relevance' of social forces and struggles</li> <li>(b) Discourse has a key role in defining all identities ('class' and non-class alike)</li> <li>(c) Objective interests linked to any given subjective identity are relative and can only be calculated for specific fields of struggle and conjunctures rather than on a permanent and comprehensive basis</li> </ul>

have resulted from institutionalized compromises. This is one of the key themes of the strategic-relational approach and highlights the contingency and relativity of structural constraints (Jessop 1982, 1985, 1990b, 2001a,c; and pp. 40–1 below). Fourth, strategies cannot be explained purely as products of contradictions even though contradictions and their associated dilemmas do open a space for strategic choice. For strategies are always elaborated in and through discourses; and their implementation depends on organizational and learning capacities. Fifth, and finally, strategies are implemented on a strategically selective terrain which makes some strategies more viable than others. This terrain is not purely economic, however broadly the economy may be defined. It is always the product of the interaction of economic and extra-economic systems and social relations.

### 3. Capital, the State, and Policy Regimes

This section presents some basic categories for analysing the capitalist type of state and relates these to economic and social policy regimes. Its historical premise and conceptual starting point is the institutional separation of the economic and extra-economic in capitalism. This separation is rooted in the generalization of the commodity form to labour-power so that coercion can be excluded from the operation of labour markets, and is also required to manage the unstable balance between the inherent capitalist drive to ever greater commodification and its dependence on non-commodity forms of social relations. This separation does not involve a single, fixed and immutable boundary; instead, it involves plural, contested and mutable boundaries. Nor are these boundaries identical to the (always complex) institutional separation between economy and state; instead, they involve a wide range of often heterogeneous, if not irreconcilable, distinctions between the economic and the extra-economic. These typically undergo major shifts when accumulation regimes and modes of regulation change. For example, as later chapters argue, the changing forms of competitiveness associated with globalizing, knowledge-based economies lead to a major rearticulation of the economic and extra-economic. More generally, this is linked to changing forms of state intervention that affect the definition, regulation and operation of market forces narrowly conceived as well as to the broader restructuring, rescaling and retemporalizing of market–state–civil society relations. This conceptual triplet has the merit of indicating that the ‘extra-economic’ includes not only the state or juridico-political system but also the family, household and forms of civic association. This is helpful when showing how neoliberal ‘rollback’ of the

state tends to displace the burdens of adjustment to market failure onto the family (for which, read, in most cases, women) or the institutions, networks and solidarities of civil society. But these three terms are really only convenient shorthand for a much more complex and variable set of social relations.

### The capitalist type of state

The modern state is often characterized in terms of its claim to a legitimate (or constitutionalized) monopoly of organized coercion in a given territorial area, its other distinctive state capacities (for example, the ability to raise taxes or the right to make decisions that are collectively binding on individuals and collectivities present in its sovereign territory), or its distinctive political logic, rationality or governmentality (for example, its maintenance of territorial integrity, its formal responsibility for promoting a socially constructed 'public interest' in the face of private egoism, its key role in maintaining social cohesion). However, while these arguments may help to establish the distinctiveness of the state and politics, they must be complemented by an understanding of the historical preconditions of the modern state and the complexities of its subsequent articulation and interpenetration with other institutional orders and civil society. Otherwise they risk fetishizing and naturalizing the institutional separation between economic and political, the juridical distinction between public and private, the functional division between domestic and foreign policy, etc. This risk is most marked in the state-centred approach that sought to 'bring the state back in' as a key independent variable in social scientific analysis (classically, Evans et al., 1985). In contrast, along with many other critical state theorists, I view such boundaries as discursively constituted, institutionally materialized, structurally coupled to other institutional boundaries, essentially contested and liable to change (on the critical role of the imaginary state–society boundary, see especially Mitchell 1991).

It is important nonetheless to recognize that the capitalist type of state has features that distinguish it both from states in precapitalist or non-capitalist formations and from atypical forms of political regime (for example, predatory military dictatorships) in societies where capitalism in some form<sup>18</sup> is nonetheless a significant feature of economic organization. For the capitalist type of state has a distinctive, form-determined strategic selectivity with major implications for the organization and effectiveness of state intervention (see especially Gramsci 1971; Krätke 1984; O'Connor 1973; Offe 1972; Pashukanis 1978; Poulantzas 1973, 1978; Théret 1992). I present some of these basic form-analytic features in table 1.4, but take them for granted hereafter in order to highlight more

Table 1.4 Some key features of the capitalist type of state

<i>Articulation of economy and state in capitalism</i>	<i>Implications for the economy and class relations</i>	<i>Implications for the state and politics</i>
<p>Institutional separation between market economy, sovereign state and a public sphere (civil society) located beyond market and state</p>	<p>Economy is organized under dominance of capitalist law of value as mediated through competition between capitals and economic class struggle</p>	<p><i>Raison d'état</i> (autonomous political rationality) distinct from profit-and-loss logic of market and from religious, moral, or ethical principles</p>
<p>Constitutionalized claim to a monopoly of organized coercion within the territory mapped by the state. Role of legality in legitimation of the state and its activities</p>	<p>Coercion is excluded from immediate organization of labour process. Thus value form and market forces, not direct coercion, shape capital accumulation. Nonetheless coercion has a key role in securing external conditions of existence of the operation of the capitalist economy</p>	<p>Specialized military-police organs are subject to constitutional control. Force has ideological as well as repressive functions Subject to law, state may intervene to compensate for market failure in 'national' or 'public' interest</p>
<p>State is a tax state. Income derives largely from taxes on economic property, actors and activities and from loans raised from market actors Tax capacity depends on legal authority + coercion Ideal bourgeois tax form is a continuing and general contribution to government revenue that can be applied freely by state to legitimate tasks – not ad hoc, specifically levied for specific tasks</p>	<p>Taxes deducted from private revenues may be used to produce 'public goods'. Thus a possible tension between exchange- and use-value aspects of tax state activities If state-owned and operated production is profitable, this reduces state's dependence on private economic forces and/or weakens institutional separation. Unprofitable activities may socialize losses, redistribute losses or destroy wealth and value</p>	<p>Subjects of the state in its territory have a general duty to pay taxes, regardless of whether or not they approve of specific state activities National money issued by the state is also the means of payment for taxes Taxation capacity acts as security for sovereign debt Taxes and their application are one of the earliest foci of class and political struggles</p>

Table 1.4 Continued

<p>Specialized administrative staff with own channels of recruitment, training, and <i>esprit de corps</i>. This staff is subject to the authority of the political executive. It forms a social category (not a class) that is internally divided by market and status position</p>	<p>State occupies specific place in general division between manual and mental labour. Officials and political class tend to specialize in mental labour with close relationship between their specialized knowledge and their power. Knowledge becomes major basis of state's capacities</p>	<p>Official discourse has a key role in the exercise of state power. Public and private intellectuals formulate state and hegemonic projects that define the national and/or 'national-popular' interest. State derives its legitimacy by reflecting national and/or 'national-popular' interest</p>
<p>Rechtstaat: state is based on the rule of law, not of men. A division between private, administrative and public law. International law governs relations between states. No formal monopoly of political power in hands of dominant economic class(es) but formal 'equality before the law' of all citizens</p>	<p>Economic subjects are formally free and equal owners of commodities, including labour-power Private law develops on the basis of property rights and contract law State has a key role in securing external conditions for economic exchange</p>	<p>Formal subjects of state are individuals with citizenship rights, not feudal estates or collective economic classes. Struggles to extend these rights play a key role in the expansion of state activities Public law organized around the individual-state, public-private, and the national-international distinctions</p>
<p>Formally sovereign state with distinct and exclusive territorial domain in which it is free to act without direct, authoritative interference from other states or actors Substantively, states are constrained in exercise of sovereignty by balance of international forces as well as by domestic balance</p>	<p>Conflict between economy as abstract and apolitical 'space of flows' in the world market and as the sum of localized activities, with an inevitably politically overdetermined character Particular capitals may try to escape state control or seek support in world competition from their respective states</p>	<p>Ideally, states are recognized by other states as sovereign in their own territories but they may need to defend this territorial integrity by force Political and military rivalry depends in part on strength of national economy. Need to balance pursuit of geo-economic and geo-political goals and social cohesion</p>

specific institutional features of this type of state as it was instantiated in the circuits of Atlantic Fordism. It is perhaps worth noting nonetheless that the generic features listed in the table do not include democratic institutions, even though the current 'normal' form of the capitalist type of state involves representative democracy based on universal adult suffrage for the citizens of a given territorial state and an executive authority and/or legislative power formally accountable to its citizens. This feature is not coeval with the capitalist type of state. It has developed more recently and rather unevenly in the twentieth century in the advanced capitalist societies and was still absent in the three peripheral Fordist capitalist economies of Southern Europe until the mid-1970s. Representative democracy nonetheless has important implications for the forms of political struggle, especially for the increased influence of mass politics within and at a distance from the state and for significance of the orientation to the 'national-popular' interest in attempts to define state and hegemonic projects (see Gramsci 1971; Jessop 1982, 1990b; Poulantzas 1973, 1978).

The general form-analytic, strategic-relational approach adopted below treats the state as a social relation (Poulantzas 1978). This implies that the exercise of state power (or, better, state powers in the plural) involves a form-determined condensation of the changing balance of forces. In other words, state power reflects the prevailing balance of forces as this is institutionally mediated through the state apparatus with its structurally inscribed strategic selectivity. Adopting this approach, the state can be defined as a relatively unified ensemble of socially embedded, socially regularized, and strategically selective institutions, organizations, social forces and activities organized around (or at least involved in) making collectively binding decisions for an imagined political community. By strategic selectivity, I understand the ways in which the state considered as a social ensemble has a specific, differential impact on the ability of various political forces to pursue particular interests and strategies in specific spatio-temporal contexts through their access to and/or control over given state capacities – capacities that always depend for their effectiveness on links to forces and powers that exist and operate beyond the state's formal boundaries.<sup>19</sup> It follows that to talk of state managers, let alone of the state itself, exercising power is at best to perpetrate a convenient fiction that masks a far more complex set of social relations that extend far beyond the state apparatus and its distinctive capacities. Interestingly, this is reflected in the practices and discourses of state managers themselves. For, whilst they sometimes proudly claim the credit for having initiated and carried through a general strategic line or a specific policy, at other times they happily seek to offload responsibility for state actions and/or outcomes

to other social forces (or to *force majeure*) at one or more points elsewhere in the ongoing struggle over power. While the constitutionalization and centralization of state power enable responsibility to be formally attributed to named officials and bodies, this should not lead us to fetishize the fixing of formal political responsibility at specific points and/or in specific personages. We should always seek to trace the circulation of power through wider and more complex sets of social relations both within and beyond the state. This is especially important where the growing complexity and mass mediatization of the exercise of state power lead to a search for charismatic figures who can simplify political realities and promise to resolve them. For, as Grande (2000) shows, charisma actually serves to hide complex, if not chaotic, behind-the-scenes practices which would be hard to explain or defend in public.

This approach is inconsistent with any attempt to treat the state as a simple instrument or functional mechanism for reproducing capitalist relations of production. Indeed, it suggests that the typical form of the capitalist state actually problematizes its overall functionality for capital accumulation and political class domination. For the institutional separation of the state from the market economy, a separation which is a necessary and defining feature of capitalist societies, results in the dominance of different (and potentially contradictory) institutional logics and modes of calculation in the state and the economy (for example, Hirsch 1976; Offe 1984; Poulantzas 1978; Reuten and Williams 1989; Wood 1981). Thus there is no guarantee that political outcomes will serve the needs of capital – even assuming that these could be objectively identified in advance in sufficient detail to provide the basis for a capitalistically rational plan of state action and inaction. The operational autonomy of the state is a further massive complicating factor in this regard. Indeed, to the extent that it enables the state to pursue the interests of capital in general at the expense of particular capitals, it also enables it to damage the interests of capital in general. Accordingly, one must pay careful attention to the structurally inscribed strategic selectivity of the specific state forms and political regimes; and move away from abstract, often essentialist theorization towards more detailed accounts of the complex interplay of social struggles and institutions. A key element in such investigations is a concern with the changing state and/or hegemonic projects that define the nature and purposes of state actions (and inaction) in particular periods, stages and phases of social development and/or in different varieties of capitalism with their distinctive institutional configurations. It also requires attention to statecraft (the art of government) as a repertoire of skilled, discursive practices that reflexively monitor events and activities beyond as well as within the state and thereby inform state projects and attempts to exercise state power.



In this regard, the state can be studied in terms of six interrelated dimensions. Three primarily concern formal institutional aspects of the state regarded as a social relation: (1) modes of political representation and their articulation; (2) the internal articulation of the state apparatus; and (3) modes of intervention and their articulation. Each of these has its own structurally inscribed strategic selectivities and, while analytically distinct, they typically overlap empirically. Corporatism, to give a clear example of such overlap, involves representation, decision-making and intervention on the basis of function in the division of labour. These aspects can be studied at different levels of abstraction and complexity, ranging from the most basic state forms through to quite concrete-complex descriptions of specific regimes. The other three dimensions mainly concern substantive and strategic aspects of the state regarded as a social relation: (4) the political projects articulated by different social forces that are represented within the state system, seek such representation, or contest its current forms, functions and activities; (5) the prevailing state project with its *raison d'état* – or governmental rationality – and statecraft that seeks to impose an always relative unity on the various activities of different branches, departments and scales of the state system and that also defines the boundaries between the state and its environment as a precondition of the ongoing attempts to build such an improbable internal unity; and (6) the hegemonic projects that seek to reconcile the particular and the universal by linking the nature and purposes of the state into a broader – but always selective – political, intellectual and moral vision of the public interest, the good society, the commonweal, or some analogous principle of societalization. These projects give content to the more formal features of the state and it is the contest among social forces over competing projects that mediate structural and strategic changes in the state in given conjunctures.

### Capital and the state

Even a pure capitalist economy, notwithstanding the claims of some classical economists and neoliberal ideologues, would be prone to market failure. Individual capitals compete for profit, act self-interestedly and try to avoid limits on their freedom of action. Competition discourages individual capitals from undertaking activities necessary for economic and social reproduction that are unprofitable from their individual viewpoint and it may also lead them into activities that undermine the general conditions for economic and social reproduction. Regarding economic reproduction, for example, there is no guarantee that the general external conditions for production (such as law, property and money) will be secured through market forces; nor that certain general economic con-



ditions of production ('public goods') will be offered at the right price in the right quantities. This suggests the need for extra-economic institutions to compensate for partial or total market failure in the provision of the important conditions for capital accumulation. These include a formally rational monetary system, a formally rational legal system and the reproduction of labour-power as a fictitious commodity. But, as I have indicated above and will elaborate below, there are many other conditions too. In this sense, state intervention is not just a secondary activity aimed at modifying the effects of a self-sufficient market but is absolutely essential to capitalist production and market relations. For commodities must be produced before they can be distributed via the market and/or political action. Thus, given the institutional separation between the economic and the political, the state must ensure that capital accumulation occurs before it can begin its redistributive activities (Müller and Neusüss 1975: 43–6; Offe 1972).

There are many ways in which the state can and does intervene in these respects. In abstract terms, state support for the valorization of capital and social reproduction can be provided through force, law and regulation, money, goods and services, knowledge, or 'moral suasion' and in the form of meta-, macro-, meso- or micropolicies. The relative weight and adequacy of such means of intervention, as we shall see, vary significantly over time and in relation to specific accumulation regimes. Economic and social policies can be oriented in turn to supply-side conditions and/or the demand for (fictitious) commodities or non-traded goods and services. Metapolicies address the wide variety of extra-economic factors that affect the systemic competitiveness based on society's overall organizational patterns (Messner 1998) and their character will change along with notions of competitiveness (see chapter 3). Macropolicies focus on the general external conditions of production (for example, formally rational legal and monetary systems) and on the provision of general conditions of production (for example, infrastructure and the supply of labour-power) within the spatio-temporal horizons of a discursively and institutionally constituted economy. In the era of imperialism, for example, this was a plurinational economy organized in terms of centre-periphery relations. In the case of Atlantic Fordism, the macrolevel was naturalized as the national economy managed by the Keynesian welfare national state. More recently, European Economic Space is being imagined and instituted as the appropriate macroeconomic framework for European Union (EU) intervention. In all three cases, of course, states also pursued policies concerned to insert the relevant macrolevel economy into wider sets of economic relations up to the world market. Mesopolicies concern specific branches/sectors and/or specific spaces/places within this broader economic system. And,

finally, micropolicies affect ‘individual’ economic units (such as households, individual workers or individual firms).

These distinctions are always relative to particular scales of analysis. This can be seen in the partial rescaling of the macrolevel up to Europe for EU member states and in the changing scope of the meta- and mesolevels in the present era of globalization. The distinction between supply- and demand-side policies is likewise relative to specific markets, commodity chains, and so forth. Moreover, as the taken-for-granted meanings of these distinctions began to decompose as a result of the crisis of the postwar national mixed economy, space has opened for debates over what should replace the conventional set of policy goals for the Keynesian welfare national state.

A brief and incomplete list of general functions that states might perform regarding the capitalist economy is presented in box 1.2. These general functions acquire institutionally specific forms in specific stages and varieties of capitalism and are articulated to more distinctive functions related to these particular stages and varieties and their accumulation regimes and modes of regulation. There can be no guarantees (let alone guarantees inscribed in the general nature of the capitalist type of state) that these complex and interrelated functions will be performed adequately from the viewpoint of accumulation. For, as I have argued above, the capital relation is inevitably incomplete and contradictory so that, even at a purely techno-economic level, performance of these functions inevitably has contradictory effects. Further, as a glance at this incomplete list indicates, state intervention in these matters involves far more than narrow techno-economic issues. It always affects more than the forces of production, the profitability of capital, or more general economic performance. And it always occurs in a wider political context concerned with state and governmental legitimacy as well as social cohesion and exclusion. Thus choices among economic and social policies are typically linked to prevailing accumulation strategies, state projects, hegemonic projects and more general philosophical and normative views of the good society. One area where the inevitably political character of economic and social intervention is especially clear is the reproduction of labour-power as a fictitious commodity. For this is also associated in the capitalist type of state with a citizen’s right to existence (cf. Reuten and Williams 1989).

### Labour-power and social reproduction

I have already referred briefly to the centrality of the capital–labour relation in the valorization of capital and to the state’s role in securing the wage relation and capital’s rights to manage the labour process. I will

*Box 1.2 Some functions of the capitalist type of state*

1. Securing the general external conditions for capital accumulation, such as a formally rational legal order and protection of property rights.
2. Securing the fictitious commodification of land, money, labour-power and knowledge and modulating their subsequent demand and recommodification in the light of the changing forms of appearance of capital's structural contradictions and strategic dilemmas and of the changing balance of forces contesting the extent and consequences of such fictitious commodification. In relation to labour-power, this involves managing the supply of labour-power, labour markets and the terms of employment within the labour process.
3. Securing the rights and capacities of capital to control labour-power in the production process and regulating the terms and conditions of the capital-labour relation in the labour market and labour process.
4. Defining the boundaries between the economic and extra-economic and modifying the links between the economic and extra-economic preconditions of capital accumulation in the light of changing materially and discursively constituted forms of competition and in the light of resistance to the colonization of the extra-economic by the logic of capital.
5. Promoting the provision of the general conditions of production, especially capital-intensive infrastructure with a long turnover time, appropriate to a given stage and/or variety of capitalism.
6. Managing the fundamental contradiction between the increasingly social nature of productive forces and the continuing private and competitive nature of the social relations of production and the appropriation of surplus labour.
7. Articulating the interlinked processes of de- and reterritorialization and de- and retemporalization associated with the remaking of the spatio-temporal fixes necessary for relatively stable periods of accumulation.
8. Addressing the wider political and social repercussions of the changing forms of appearance of capitalist contradictions and dilemmas as these are mediated in and through specific forms of political organization and social mobilization.

now consider the state's role in social reproduction. This involves the day-to-day, lifetime and intergenerational reproduction of social subjects in accordance with specific principles of societalization. In capitalist social formations, social reproduction is organized mainly through and/or around the (changing) wage relation and its insertion into an economy dominated by accumulation for the sake of accumulation. The capitalist wage relation has three features that militate against a harmonious, market-mediated solution to social reproduction – especially when the latter goes beyond daily survival as an active member of the labour force to include maintenance over the life-course and intergenerational reproduction. First, employees and their dependants (if any) are free to spend their wages without regard to the needs of capital and may be objectively unable to do so, even if they were so inclined. Thus workers may not reproduce their labour-power (including specific skills, knowledge and commitment as well as generic working capacity) to satisfy the material needs of capital; and they may not enter the labour market (or remain within it) on terms favourable to its continuing valorization. Moreover, insofar as consumption norms are co-constituted by particular capitals offering particular commodities, workers may adopt patterns of consumption that are harmful to capital in general (even if profitable for some particular capitals) as well as to themselves. Even where labour-power is adequately reproduced, employment may not be available at an appropriate wage, or at all. Second, once wage-labour is subject to capitalist control in the labour process, it may be destroyed or weakened through over-exploitation (excessive hours or work intensity) or through 'collateral' damage (such as accidents or occupational diseases). For capital tends to prioritize its self-valorization rather than the reproduction and welfare of labour-power. Particular capitals are certainly not obliged to invest in improving their 'human capital' or to compensate for its depreciation unless it is profitable to do so and, indeed, it is widely recognized that there is a general tendency for capital to under-invest in education and training. This problem is linked to the contradiction between labour-power as one substitutable factor of production among others and labour-power as a specific set of skills and competencies; and to the contradiction between the wage as cost of production and source of demand. Nonetheless some types of production regime and modes of regulation do manage to institutionalize partial solutions. Third, regarding both its private consumption and its exploitation in the labour process, workers find it hard to defend their collective interests in reproducing their labour-power – especially where there is a large pool of unemployed but employable workers.

These problems concerning a purely market-mediated reproduction of labour-power create a space for one or more extra-economic (here,

non-market) institutions that can help to reproduce the labour force to the extent that the market cannot achieve this. The role of domestic labour performed outside the cash nexus is obviously important here and this is why the family and/or household forms (hence gender and inter-generational relations too) are always major objects of governance as well as sites of struggle. The present work is mainly concerned, however, with the key roles of the state in these matters. The latter operates on one or more scales from the local to the supranational to contribute directly or indirectly to the reproduction of labour-power over the life cycle, affecting daily, lifetime and intergenerational reproduction. Its twin tasks are, if possible, to ensure a continuing and adequate supply of appropriately qualified labour-power in relation to the changing (and often unpredictable) demands of the labour market and to compensate for the effects of commodification on social reproduction and social cohesion (Aumeeruddy et al. 1978; de Brunhoff 1978; Offe 1985b; Reuten and Williams 1989).

The wage relation is therefore the starting point for a wide range of policies directed at the 'social question', which involves more than social policy. For, as Kaufmann notes:

What we generally term the welfare state refers not only to the state, but also, as German social scientists precisely formulated in the mid-19th century, to civil society. The 'mediation' between the private sphere of the market economy and the public sphere of government under law was referred to around 1850 as 'Sozialpolitik' (Pankoke 1970). 'Sozialpolitik' may be translated into English as 'social policy' or 'social politics'. In the German context the main concern addressed by social politics was the political and social integration of the emerging working classes into the newly constituted German Reich. In the British and Scandinavian tradition there was, for a long time, no comprehensive concept for the emerging policies of labour protection, social security and social services. The term 'welfare state' was accepted in Scandinavia in the 1930s, but was only widely used in Great Britain after World War II. 'Welfare state' here is less concerned with social politics than with social policies. (2001: 17)

Kaufmann's reference to national traditions illustrates once more the role of discourse in constituting state policy. He also indicates significant variations in individual national states over time as issues of economic and social policy are reproblematised in different ways and as appropriate new governmental solutions are proposed, instituted and pursued.

The fact that neither employees nor individual capitals can solve these dilemmas unaided does not mean that the state *can* (or *must*) solve them. Indeed, as with the other state functions discussed above, it is unlikely that the state could ever know in advance how to solve them even were

such total solutions possible. Such economic and social functions require active management of changing conjunctures within an inherently contradictory system rather than pursuit of predetermined and autonomous economic and social policies. They are always mediated in and through political struggles broadly defined rather than determined in narrow technical and economic terms. And they are affected by the state's own distinctive failures and crisis-tendencies, rooted in the distinctive nature of politics in capitalist societies. Although these dilemmas are handled on various economic levels from the firm upwards and on various non-economic sites, the state has not only been a major addressee of demands in these areas but has also gained a major role in managing these dilemmas directly or indirectly through its labour market and social policies.

#### 4. On Spatio-temporal Fixes

I have already suggested that reproducing and regularizing capital as a social relation involves a social fix (mode of regulation) that compensates for the incompleteness of the pure capital relation in specific contexts and gives it a specific dynamic through the articulation of its economic and extra-economic elements. This social fix helps secure a relatively durable structural coherence in managing the contradictions and dilemmas inherent in the capital relation, so that different forms, institutions and practices tend to be mutually reinforcing. This includes the imposition on these economic and extra-economic elements of a spatio-temporal fix. This concept will be elaborated in later chapters, but some brief comments are appropriate here.

Structurally, these fixes emerge when an accumulation regime and its mode of regulation co-evolve to produce a certain structural coherence within a given spatio-temporal framework but not beyond it. This is typically associated with a distinctive hierarchy of structural forms that affects interactions within the institutional architecture as a whole and thereby shapes the overall logic of the spatio-temporal fix. This hierarchy involves giving greater priority to the regularizing of some structural forms (and giving greater priority, perhaps, to one or other aspect of their associated contradictions and dilemmas) than to other structural forms. These priorities will vary with accumulation regimes, modes of growth and governance capacities (cf. Petit 1999). In Atlantic Fordism, for example, the wage and money forms were the principal structural forms at the heart of the mode of regulation; in post-Fordism, other forms have become more important (see chapters 2 and 3). Or, again, while liberal market economies may give more weight to labour-power as a substitutable factor of production and to the wage as a cost of production,

more coordinated capitalist economies may prioritize labour-power in its guise as so-called human capital and the wage as a source of demand. Strategically, because capitalism's contradictions and dilemmas are insoluble in the abstract, they are resolved – partially and provisionally, if at all – through the formulation-realization of specific accumulation strategies at various economic and political scales in specific spatio-temporal contexts. Once again, then, because of the significance of accumulation strategies (and their associated state projects and, where relevant, hegemonic visions), we observe the importance of agency and discourse in capital accumulation. Such spatio-temporal fixes delimit the main spatial and temporal boundaries within which structural coherence is secured, and externalize certain costs of securing this coherence beyond these boundaries. Even within these boundaries some classes, class fractions, social categories or other social forces located inside these spatio-temporal boundaries are marginalized, excluded or oppressed. Thus, spatio-temporal fixes also facilitate the institutionalized compromises on which accumulation regimes and modes of regulation depend, and subsequently come to embody them. This can involve super-exploitation of internal or external spaces outside the compromise, super-exploitation of nature or inherited social resources, deferral of problems into an indefinite future and, of course, the exploitation and/or oppression of specific classes, strata or other social categories. I discuss the spatio-temporal fix of Atlantic Fordism and its breakdown in the next chapter.

Nonetheless, insofar as such compromises marginalize forces that act as bearers of functions or operations essential to long-run accumulation, the growth of significant imbalances, disproportionalities or disunity in the circuit of capital will tend to strengthen the hand of these forces, enabling them to disrupt the institutionalized compromises involved in a particular accumulation regime, mode of regulation, state form and spatio-temporal fix (cf. Clarke 1977). Such crises typically act as a steering mechanism for the always provisional, partial and unstable re-equilibration of capital accumulation insofar as they prompt attempts to guide the forcible reimposition of the unity of the circuit of capital through new accumulation strategies and modes of regulation (cf. Hirsch 1976, 1977; Lindner 1973; Wirth 1977).

The primary scales and temporal horizons around which such fixes are built and the extent of their coherence vary considerably over time. This is reflected in the variable coincidence of different boundaries, borders or frontiers of action and the changing primacy of different scales. Political boundaries, for example, have been characterized by medieval polymorphy, Westphalian exclusivity and post-Westphalian complexity. Likewise, the consolidation of capitalism witnessed the national eclipse of the urban scale as cities were integrated into national economic

systems and subordinated to the political power of national territorial states. And the national scale has since been challenged by the rise of global city networks more oriented to other global cities than to national hinterlands (cf. Braudel 1984; Brenner 1999a, 1999b; Taylor 1994). I consider some implications of rescaling in chapter 5.

These ideas have important implications for accumulation strategies, state projects and hegemonic projects on various scales of action and over different time horizons. For each of these involves an attempt to strategically coordinate activities across different systems and the life-world in order to achieve a limited, localized structural coherence in accumulation, state activities and social formations respectively. There is ample scope for competition among social forces over accumulation strategies, state projects and hegemonic visions, as well as for potential disjunctions between the strategies that emerge from such competition to dominate their respective imagined spheres. In this context a key role is played by the rivalries and struggles of intellectual forces, individually and collectively, in a free-floating or an organized manner, to articulate strategies, projects and visions that seek to reconcile contradictions and conflicts and to resolve dilemmas for various sites and scales of action (cf. Gramsci 1971; Jessop 1990b; Portelli 1973). The principal forces involved in these rivalries and struggles are organized interests, political parties and social movements, with the mass media rather than the public sphere now having a central position in the mediation of the struggle for hegemony in these matters. We will see many examples of this in later chapters.

As part of a given spatio-temporal fix, different institutions, apparatuses or agencies may specialize primarily in one or other horn of a dilemma, deal with it over different temporal horizons, or address different aspects at different times. The state may also alter the balance between institutions, apparatuses and agencies by reallocating responsibilities and resources, allowing them to compete for political support and legitimacy as circumstances change, etc. Such strategies may be pursued entirely within the state or extend to the division between state and non-state modes of governance. Another way to manage potential problems arising from the limits of different modes of policy-making or crisis-management is through variable policy emphases across different scales of action and temporal horizons. For example, in Atlantic Fordism, the national state set the macroeconomic framework, the local state acted as its relay for many nationally determined policies and intergovernmental cooperation in various international regimes maintained the conditions for national economic growth. Likewise, in contemporary neoliberal accumulation regimes, a relative neglect of substantive (as opposed to formal) supply-side conditions at the international and national levels in



favour of capital flows in and through space is partly compensated by more interventionist policies at the regional, urban and local levels, where many material interdependencies among specific productive capitals are located (Gough and Eisenschitz 1996). This helps explain why local states are being reorganized as new forms of local or regional partnership emerge to guide and promote the development of local or regional resources (see chapter 5).

Another example of spatial-scalar divisions of labour is the distinction between foreign and domestic relations inherent in the modern state system such that some parts of the state apparatus specialize in external relations, some in internal relations. However, with the growing impact of globalization and new forms of competitiveness, inherited divisions of state labour change. Thus, not only is the distinction between domestic and foreign policy becoming blurred; but subnational governments are now getting engaged in foreign (economic) policy through cross-border cooperation, international localization, and so on, at the same time as supranational bodies get involved in the redesign and reorientation of subnational politics.

There can also be a temporal division of labour with different institutions, apparatuses or agencies responding to contradictions, dilemmas and paradoxes over different time horizons. This is reflected in the conventional distinction between planning and execution within organizations and in the primacy of different temporal horizons across organizations (for example, banks and central banks, computer-programmed arbitrage funds and long-term venture capital funds). Similarly, corporatist arrangements have often been introduced to address long-term economic and social issues where complex, reciprocal interdependence requires long-term cooperation – thereby taking the relevant policy areas outside the short-term time horizons of electoral cycles and parliamentary in-fighting. In both cases there is scope for activities to rebalance relations among these institutions, apparatuses or agencies through differential allocation of resources, allowing them to compete for legitimacy in changing circumstances.

## 5. Governance and Metagovernance

The constitutive incompleteness of the capital relation, the contradictions and dilemmas of accumulation, and the limitations of the spatio-temporal fixes that develop to contain, displace and defer these problems create a space for attempts at ongoing management, muddling through and crisis-management. Governance and metagovernance are useful concepts for addressing such issues and their implications for economic

and social intervention. Governance refers here to any form of coordination of interdependent social relations – ranging from simple dyadic interactions to complex social divisions of labour. Three main forms are usually distinguished: the anarchy of exchange (for example, market forces), the hierarchy of command (for example, imperative coordination by the state) and the heterarchy of self-organization (for example, horizontal networks). Sometimes I will also refer to this third form as governance, but it will be clear from the context whether a narrow or broad meaning is intended. Because the other two forms are probably familiar, I will focus here on heterarchy. This involves the reflexive self-organization of independent actors involved in complex relations of reciprocal interdependence, with such self-organization being based on continuing dialogue and resource-sharing to develop mutually beneficial joint projects and to manage the contradictions and dilemmas inevitably involved in such situations (for more extended discussion of all three types, see chapter 6). Governance organized on this basis need not entail a complete symmetry in power relations or complete equality in the distribution of benefits: indeed, it is highly unlikely to do so almost regardless of the object of governance or the ‘stakeholders’ who actually participate in the governance process. All that is involved in this preliminary definition is the commitment on the part of those involved to reflexive self-organization in the face of complex reciprocal interdependence. In addition to any general relevance that these three forms of coordination may have, they also correspond to different aspects of the capital relation and capitalist societalization more generally (chapter 6). In this sense, all three tend to be reproduced, albeit with different weights at different times, as capital accumulation itself is reproduced.

Governance mechanisms and practices have key roles in modulating the scalar and spatial divisions of labour and allocating specific tasks to different time scales and periods. But, like modes of regulation more generally, they may be destabilized in the course of capital accumulation. For this always tends to escape the forms instituted to regulate and/or govern it and may thereby modify or even disrupt the unstable equilibrium of compromises around which that same accumulation process was previously organized. The neglect of some key condition for accumulation generates increasing tensions to address it (either through emergence of crises or through the mobilization of social forces that are critical to continued accumulation and adversely affected by such neglect). Within the economy, this is reflected in price movements as well as economic conflicts, in the political system in terms of shifts in public and elite opinion as well as political protests, etc. Metasteering (sometimes called metagovernance) enters here as social forces attempt to collibrate (modify the relative balance among) various governance

mechanisms and modify their relative importance. Collibration, according to Dunsire (1996), is concerned with the overall organization and balancing of the different forms of coordination of complex reciprocal interdependence. In addition to metasteering practices within the more or less separate fields of anarchic market exchange, hierarchical organizations and heterarchic self-organization, there is also extensive scope for more general practices that steer the evolving relationship among these different modes of coordination. The need for such practices is especially acute owing to the wide dispersion of governance mechanisms in an emerging world society and the corresponding need to build appropriate macro-organizational and intersystemic capacities to address far-reaching increases in the complexity of interdependencies.

## 6. Concluding Remarks

This chapter has introduced some basic features of capitalism as a mode of production and object of regulation, noting in particular the role of spatio-temporal fixes in securing its relative stabilization, in order to contextualize the study of economic and social reproduction. It has introduced some basic ideas about the capitalist type of state, modes of state intervention, and the economic and social policy functions of the state and their relevance to welfare regimes. And it has also introduced some general themes and concepts regarding their connection to issues of governance and metagovernance, and their specific dynamics. These ideas are elaborated, supplemented and qualified in subsequent chapters.

These arguments have prepared the ground for a four-dimensional analysis of the changing form and functions of the state in regard to capital accumulation, social reproduction, scale and governance. The first dimension refers to the state's distinctive roles in securing the conditions for the improbable continuation of profitable private business from the viewpoint of particular capitals and capital in general. This is the field of economic policy. It is important because market forces alone cannot secure these conditions and must be supplemented by non-market mechanisms. The second dimension refers to how the conditions for the problematic reproduction of labour-power on a day-to-day, lifetime and intergenerational basis are secured from the viewpoints of particular capitals, capital in general and workers (considered both as workers and as citizens). This is the field of social policy as defined in this book. It matters, because labour-power is a fictitious commodity. For, although it is bought and sold in labour markets and may add value in production, it is not itself directly (re)produced within and by capitalist firms with a view to private profit. Labour-power enters the market economy from

outside. This poses economic problems as regards its individual and collective suitability to capital's needs and its own survival in the absence of a secure income or other assets; social problems regarding social inclusion and cohesion – important in turn for attracting investment; and political problems regarding the legitimacy of state intervention in this area.

The third dimension concerns how a certain structured coherence is introduced into the scalar organization of these two sets of activities through spatio-temporal fixes in which, typically, one scale is primary. Thus the central issue here is the primary scale, if any, on which economic and social policies are decided – even if they are underpinned or implemented on other scales (see especially Collinge 1999). This is important because economic and social policies are politically mediated and the primary scales of political organization may not coincide with those of economic and social life. The fourth dimension concerns the chief mechanism, if any, for supplementing market forces in facilitating capitalist profitability and reproducing labour-power and, more generally, how the relative weight of these modes of regulation or governance is maintained in a coherent manner. This matters because the state is just one among several mechanisms through which attempts are made to overcome market failures and inadequacies. Capitalism's overall dynamic and the nature of the wider society depend on the particular mix of mechanisms. Deploying these four dimensions, I now present the key features of the Keynesian welfare national state, explain its crisis-tendencies and suggest that it is being tendentially replaced by a new form of welfare regime.