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SOCIOLOGY AND THE STATE.
SOME RECENT THEORIES,
WITH SPECIAL REFERENCE TO
POST WAR BRITAIN.
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SUBMITTED FOR DEGREE OF M.LITT.
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INTRODUCTION

The question of the nature and significance of the state in contemporary societies is perhaps one of the most contentious and disputed areas of social science. While ostensibly a theoretical issue, discussion of the social nature of the state derives the characteristic sharpness of its polemical quality from the essentially practical problems which confront social actors (and above all classes) when they materially encounter or are encountered by the state. The concern and direction of this thesis, however is primarily theoretical. It will focus on three particular approaches to the analysis of the capitalist state, those contained in and epitomised by the writings of Marx, Durkheim and Weber. It will further attempt to demonstrate that these analytical perspectives are aspects or dimensions of three distinct attempts to theoretically reconstruct the changes which have characterised Western societies with the emergence, rise and consolidation of capitalism. The three ensuing models will be traced to their respective sources in distinct conceptions of the subject matter appropriate to the study of society, methodology being inseparable from theory-building. Finally, an attempt will be made to indicate and examine some variants of our three standpoints and to assess their relevance for a theory which will adequately account for and explain the characteristic forms assumed by the post-war state, that of Britain in particular. While the overall structuring perspective of the thesis is fundamentally Marxist, effort will be directed toward a critical evaluation of certain paths of development within or on the periphery of the Marxist tradition itself. This aspect of our discussion constitutes, in a crucial sense, the pivotal axis of the thesis as a whole.

An initial distinction will be made between two types of critical theoretical approaches to the state. Firstly, the Marxist position views the capitalist state as a form of social life which reveals and expresses at a high level the intrinsic alienated condition of capitalist society in general. Within this framework it is seen as essentially an organization of the dominant class, a special institution seemingly standing above civil society but in reality grounded in the contradictions which give to capitalist society its particular historical uniqueness. That of Durkheim, by contrast, accepts the division of labour of developed industrial societies

as such. It sees the state as a moral entity, the task of which is to re-establish social solidarity and thus overcome a temporary anomie condition on the basis of the existing, highly differentiated social division of labour. Durkheim's analysis is further informed by a condition of radical meritocracy but fundamentally his view of the state is that of a re-integrative or "restitutive" agency with primarily moral, if circumscribed, functions.

Weber's position is again radically different. As against Durkheim's restitution oriented model, Weber views the state's relationship to society as a whole as one of a basically technical-interventionist nature, born of, complementing and furthering the development of increasingly rational or calculable present-day society.

Distinctions of fundamental political importance characterize these three theoretical approaches to the state. For Marx the state is an expression of the contradictions of class society. It is an instrument of domination with a historically necessary but temporary role, a role which loses its *raison d'être* with the abolition of class divisions by the revolutionary movement of the working class. Marx consistently developed his theories of capitalist society with this goal, the seizure of power by the working class, in mind. Durkheim sees the state as a means to overcome the contingent condition of moral disorder produced by rapid social and economic change in the historical transition from mechanical to organic solidarity. For Weber it is an essentially technical agency, with a crucial role in the functioning of specifically capitalist society in its rational form. We will be concerned to relate these approaches to their corresponding conceptions of contemporary Western societies in greater detail, and to trace these conceptions back to three distinctive views of the appropriate subject matter of Sociology. In our final section we will operationalize the Marxist theory of the state in the context of an analysis of the post-war development of British capitalism. Our thesis is both theoretical and applied, attempting to avoid the polar extremes of purely conceptual debate on one hand and empiricism on the other.

The structure of our thesis calls for some additional explanation, however. The distinction between a "theoretical" model and its "application" is, of course, purely formal. Quite apart from the empirical overlap between the two sections at a number of points, a radical break or disjuncture between theoretical discussion on the one hand and its fruits on the other is, from our point of view, untenable. The practice of theory invariably has a specific object, our particular problematic being the function of the state within the class structure of post-war Britain. In developing our argument we have necessarily had to consider and critically assess a number of theoretical positions and perspectives from which this object could be viewed. In particular, we have examined certain Functionalist and Weberian propositions, their assumptions and implications, as well as the forms of enquiry which have in recent years characterised the theoretical models of the writers in question.

We have necessarily had to omit or abbreviate many areas of work which are of tangential relevance to our thesis. In discussing the "Technocratic" variant of the Weberian thesis, for example, we would have preferred to trace this tradition back to its origins in the writings of Saint-Simon and earlier. Our guiding principle of selectivity, however, has been to specify the essential assumptions and implications of the schools in question, in examining the works of particular theorists where pertinent and relevant to our immediate concerns. Our discussion of the economic theory of marginal productivity, for example, is confined to an analysis of its significance for the assumptions of certain neo-Durkheimian functionalists.

Motivating this selectivity is our concern with the ideological practices of social theorists in relation to the capitalist state form. We believe, in this context, that the debate with the descendants of Weber and Durkheim is, in a critical sense, a ghost-fight. Exorcism at this level, as Marxist epistemology makes clear, necessarily leaves its real object untouched. Sociological research in British Universities does not, however, extend to the decisive area in which theoretical struggle finds its expression a corresponding material practice. Neither does the subject matter of our thesis extend into the field of socialist reconstruction. Within these limits, however, we accept full responsibility for the stated and unstated implications of our critique of the post-war British state. The rest, with no apologies to our one-time mentor Carl Jung, is anything but silence.

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SECTION ONE

MARXISM AND THE STATE

I. MARX ON THE STATE.

An initial problem in developing a Marxist theory of the state is that Marx himself never completed the fully worked-out theory of the state which he projected as part of his overall analysis of capitalist society. (1) His early Critique of Hegel's Philosophy of Right challenged Hegel's theory of the state on the grounds that it embodied a false "universality" in civil society and, more generally, that it derived from Idealistic premises. At this stage of his development, however, Marx had not yet clearly specified the centrality of class conflict as the motor force of history, nor the exploitation of labour power as the primary structuring principle of capitalist society.

This is not to posit an "epistemological break" in the Althusserian sense between Marx's "early" and "late" ("humanistic" and "scientific") formulations. We will contend that the discussion of alienation in the 1844 Manuscripts, together with the parallel discussion of the fetishism of commodities in Capital, yield a perspective from which it is possible to reconstruct a perspective from which it is possible to reconstruct a model of what Marx's fully developed theory of the state (always inseparable from his analysis of capitalism, its historical development and class conflict) would have looked like. It will be emphasized that the "early" and "late" works are basically concerned with the same problematic, alienation and surplus value being alternative ways of tracing the sources and nature of man's self-estrangement in history.

The later works, especially The German Ideology and Capital, explicitly contain the groundwork for a materialist theory of the state. In neither case, however, is the exposition developed to a point which has been adequate to prevent various diverse and conflicting interpretations being offered and developed by writers purporting to be working in the Marxist tradition. Two particular problematic areas will be noted here. Firstly, does the capitalist state represent a means to overcome the classical tendencies towards crisis that Marx saw to be inherent in the capitalist mode of production? Secondly, and this is a closely related question, when the state intervenes directly in the economic sphere, does it engender a sector which is parallel to and part of the commodity-producing, market-orientated sphere of production: or does it exist "outside" this sector, producing use-values but not exchange-value and "unproductive" in the Marxist sense? The answers to these questions are of crucial significance both for Marxist theory and for revolutionary practice. Before examining them, however, we will briefly outline the key features of Marx's extant writings on the state.

An important aspect of Marx's early formulations concerning the state is the notion, borrowed from Hegel, of the separation of civil society from the state. For Hegel, however, the two are reconciled in the form of the state itself. The state is seen to represent at the same time the protection of persons and property (persons, in civil society, being in competition), and the good of the whole community, including all its members. (2) Hegel saw the bureaucracy (Public Servants") to act in the "general interests

of society", whereas the Agricultural and Industrial classes are characterized by their pursuit of particularistic interests. As Avineri notes

"The main achievement of Hegel's political philosophy was its attempt to construct the state as an entity abstracted from the social and historical forces which create and condition it in empirical reality. Hegel did this by depicting civil society as the clash of the social forces, to be transcended by the universality of the state." (3)

Marx, on the other hand, rejected this notion of the universality of the state and its "servants". Rather than viewing it as the realization of human spirit and freedom (4), he sees it as dependent upon the particularity of civil society. In doing so he explodes the Idealism of Hegel's philosophy. Political institutions, despite their claims to universality, merely serve to conceal the particular interests of civil society. In particular, the bureaucracy, rather than being the universal class, is an agency for sectional interests (Avineri, 23).

"What counts in the genuine state is not the chance of any citizen to devote himself to the universal class as something special, but the capacity of the universal class to be actually universal, that is, to be the class of every citizen. But Hegel proceeds from the premise of a pseudo-universal, an illusory-universal class, from the premise of universality as a particular class." (5)

Thus, while Marx criticises Hegel 'internally' on the grounds that his view of constitutional monarchy as the best Ideal representative

of the state conflicts with his view that the state is the unity of the universal and the particular, his central point is that Hegel's conclusions involve a speculative reversal of subject and predicate. Avineri has demonstrated how Marx, using Geuerbach's "transformative method", turned Hegel's philosophy "upside down" by starting from the perspective of concrete man and establishing the dependence of the state on civil society, thus demystifying it of the notion of universality. [12] This false universality, in other words, is for the young Marx the key to the state. Proletarian revolution alone can assert true universality, the absorption of conflicting interests into the state's false universality being illusory:

"There must be formed a sphere of society which claims no traditional status but only a human status a sphere, finally, which cannot emancipate itself without emancipating itself from all the other spheres of society, without, thereby emancipating all those other spheres This dissolution of society, as a particular class, is the proletariat." (6)

As Girardin has observed, Marx's notions of the state are intimately associated with his early discussion of alienation:

"For Marx the political state is defined as alienation; in the post-Hegelian meaning of the term, that is, human essence objectified by separation. Thus the state, abstract heaven of universality, should be abolished in order to establish non-alienated humanity." (7)

Avineri writes in a similar vein. For from the universal and the particular being reconciled, under the state bureaucracy

"the human subject becomes a mere object of manipulation. What the 'fetishism of commodities' is to economics, bureaucracy is to politics." (8)

While, as the 1844 Manuscripts show, Marx's early conception of "civil society" clearly prefigures his later analysis of capitalism, this critique of the state is, in form, philosophical. Ollman suggests that whereas in capitalist society value is the abstract product of alienated political activity. Both as based on a spurious equality ("common citizenship" in the case of the state).

"If 'class' expresses the relations of each atomized individual to all others who share his socio-economic conditions of life, and the relations between him as a member of this group to other similarly constituted groups, then 'state' expresses the relations of each such individual to society as a whole." (9)

Ollman's analytical distinction between the spheres of political and economic activity, however, is perhaps misleading. A similar distinction informs Parsons' functionalist analysis of power as well as Dahrendorf's neo-Weberian perspective, and obscures the crucial connection between the economic and the political as examined in Marx's works. As we will see, in his later work, Marx's analysis of the state is inseparable from his political economy of capitalism, and derives its primary repressive role from its special position in relation to class-divided society. Ollman's thesis, as with his more general conception of the "philosophy of internal relations", by contrast underplays the antagonistic relations between classes and the state's foundation in that political economy.

In the early writings, however, the state is seen as a social

relation, but it is an alien one. Already its class nature is recognized as is clear in Marx's conception of its transcendence:

"A class must be formed which has radical chains, a class in civil society which is not a class of civil society, a class which is the dissolution of all classes, a sphere of society which has a universal character because its sufferings are universal." (10)

Already we see the foundations for a revolutionary critique of capitalist society and its state form. The state is a crucial "expression" of capitalist alienation, the roots of which lie in the contradictions of that society's mode of production. It is "above" society in that it dominates it, but is dependent upon it and more or less actively reflects and expresses its exploitative class nature.

Marx's later writings similarly emphasize this conception of the state as "above" yet derived from and expressive of society. In the Critique of the Gotha Programme, for example, he specifies the historical content of freedom to consist in "converting the state from an organ standing above society into one completely subordinate to it." (11) As Martin Shaw has suggested, some of the "mature" statements do not give as clear an indication of the structural role of the state as the earlier works. (12) In The Communist Manifesto, for example, Marx observes

"The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie." (13)

Such statements tend to deny the "relative autonomy" that Marx elsewhere attributes to the state. (see, for example, the "Eighteenth

Brumaire"). In general, however, the state comes to be identified more closely with the essentially repressive nature of social domination in class societies. In the Manifesto, for example, Marx writes

"Political power, properly so called, is merely the power of one class for oppressing another." (14)

Again, we read in "The Poverty of Philosophy"

"Political power is precisely the official expression of antagonism in civil society." (15)

The capitalist state, that is to say, exists "above" society in so far as it constitutes a "special" repressive instrument distinct from the mere economic domination of the ruling class. It has, in other words, an independent existence counterposed to that of particular capital units. Thus

"Through the emancipation of private property from the community, the state has become a separate entity, beside and outside civil society; but it is nothing more than the form of organisation which the bourgeois necessarily adopt both for internal and external purposes, for the mutual guarantee of their property and interests." (16)

This conception of the state's "special", repressive nature in the context of class domination is historically elaborated in Capital. Contrasting the seemingly "integrated" working class of developed capitalism with its restive character during the period of primary capital accumulation Marx observes

"Then the rising bourgeoisie needs and uses the state authority to 'regulate' wages, to restrict them within the limits suitable for the making of

surplus value, to lengthen the working day, and to keep the worker in a proper condition of dependence. This is an essential element of what is termed primary accumulation." (17)

When, that is to say, Marx examined the role of the state in the transition from feudalism to capitalism, the coercive dimension of state power is emphasized. In general,

"Force is the midwife of every old society pregnant with a new one. It is itself an economic power." (18)

The state, then, for Marx, is both "of" and "above" society. It is "above society in so far as it dominates the latter, and in so far as it has a unique identity ("special instrument".) But it is "of" society in that it plays an active and necessary part in maintaining the mode of exploitation within class societies.

Having, as outlined above, criticized the Hegelian notions of the state's universality and moral nature Marx's writings on the state were consistently informed by the materialist premise that history is

"... nothing but the succession of the separate generations, each of which exploits the materials, the capital funds, the productive forces handed down to it by all preceding generations, and thus on the one hand continues the traditional activity in completely changed circumstances and, on the other, modifies the old circumstances with a completely changed activity." (19)

Marx's assumption was that men make history, but not in conditions of their own choosing. The state, in particular, represents "the illusory 'general' interest", struggles within it constituting the

"illusory forms" of real class struggles. Thus the state is

"continually evolving out of the life-process
of definite individuals, not as they may appear
in their own or other people's imagination, but
as they really are." (20)

It is within the body of Marx's political economy that the precise nature of the social antagonisms which he perceived to underlie the "illusory" communal life represented by the specifically capitalist state is elaborated. In Volume 3 of Capital Marx left uncompleted what presumably would have been his definitive theoretical analysis of the concept class, having indicated some of the problems in identifying the major classes of capitalist society in terms of their incumbents' sources of income. The tenor of his whole work, however, indicates that he perceived classes to be located in the social relations of production, where commodities are produced by direct human action on the raw materials of nature, action which always takes place in the context of a particular form of property ownership.

Marx's view of society, and of capitalist society in particular, is an organic view which analyses the various economic categories as aspects of the system of social production as a whole. As a general methodological principle he wrote

"It would (therefore) be unreasonable and wrong
to let the economic categories follow one another
in the same sequence as that in which they were
historically decisive. Their sequence is
determined, rather, by their relation to one
another in modern bourgeois society, which is
precisely the opposite of that which seems to be
their natural order or which corresponds to

historical development." (21)

Operationalising this principle in his analysis of the basic social relations of production in capitalist society, Marx explains:

"Capital presupposes wage labour; wage labour presupposes capital. They reciprocally condition the existence of each other; they reciprocally bring forth each other." (22)

In his analysis of capitalism Marx was thus concerned to examine what Engels termed "the relations between capital and labour, the hinge of which our entire present system of society turns." (23) The basis of this relationship is that the capitalist who owns the means of production, confronts the worker who owns nothing but his own labour power, the (only) value-producing component of the production process. A portion of the worker's labour is unpaid, and this unpaid labour represents surplus-value, the source of all profit, rent and interest in capitalist society. Thus, while Marx in the already-mentioned, uncompleted Volume 3 of Capital identifies three major classes in the form of owners of labour power, capital and land (862), it is clear that he saw the capital-labour relationship to be the basic structuring principle of capitalist society.

"It is the employing capitalist who immediately extracts from the labourer this surplus value, whatever part of it he may ultimately be able to keep for himself. Upon this relation, therefore, between the employing capitalist and the wages labourer the whole wages system and the whole present system of production hinge." (24)

The exploitation of wage labour by capital is thus the central and fundamental determining relationship in Marx's analysis of

capitalism. The related question of Marx's concern with the social relations of production and his analysis of the category "value" in capitalist society raises an important problem of methodology which is central to his whole science of social formations. In an often-quoted passage in the introduction to his "Critique of Political Economy" Marx explains that a scientific exposition of political economy must follow a particular course: that is, to proceed from the "abstract" so as to reconstitute the concrete. (25) This method of exposition may be clearly seen embodied in his "Capital" where he begins with a discussion of the highly abstract concept of the commodity and its dual existence as use-value and exchange-value. Now he initially notes that individual commodities are the "elementary units" of capitalist society, but in the process of examining their fetishistic quality as exchange value Marx observes that they are "transcendental as well as palpable" [44]. The explanation of this is that as exchange values, commodities are measured by the expenditure of human labour power in terms of its duration. In this process, the social relations of producers appear to them as relations between the products of their labour.

"Thus the mystery of the commodity form is simply this, that it mirrors for men the social character of their own labour, mirrors it as an objective character attaching to the labour products themselves, mirrors it as a social natural property of these things." [45]

It is necessary, however, to distinguish this method of exposition (moving from the abstract to the concrete) from Marx's method of analysis. He writes, in the 2nd Preface to "Capital":

"Of course the method of presentation must

differ formally from the method of investigation. The aim of investigation is to appropriate the matter in detail, to analyse its various developmental forms, and to trace the inner connexions between these forms. Not until this preliminary work has been effected, can the movement as it really is be suitably described. If the description prove successful, if the life of the subject matter be reflected on the ideal plane, then it may appear as if we had before us nothing more than an a priori construction." (26)

Marx's method of investigation, then, is to proceed to theoretical reconstructions of the subject matter of his enquiry from a detailed analysis of its elements and forms, and only on this basis to proceed so as to "reconstitute the concrete".

Now although many elements of Marx's mature political economy are to be found as early as 1844, the 1845-6 "German Ideology" is the first systematic exposition of Marx's historical materialism, the analytical embodiment of his above-discussed methodology (detail → abstract → concrete). In this work (co-written with Engels) Marx writes:

"The premises from which we begin are not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination. They are the real individuals, their activity and the material conditions under which they live, both those which they find already existing and those produced by their activity. The premises can thus be verified in a purely empirical way." (27)

Marx's analytical starting point, in other words, is the activity of real human beings in the real world. The "material

conditions" of that world include both those which constitute the initial framework of practical activity and those which arise from it. Marx continues by observing that production (particularly in the forms of labour and procreation) involves a double relationship. Firstly, there is a "natural" aspect, in so far as human beings are involved in a relationship with nature, or the material world. Secondly, there is a "social" aspect ("moment" would be more precise) in that their transactions with nature involve social co-operation, in the form of the division of labour.

"How far the productive forces of a nation are developed is shown most manifestly by the degree to which the division of labour has been carried. Each new productive force, in so far as it is not merely a quantitative extension of productive forces already known (for instance the bringing into cultivation of fresh land), causes a further development of the division of labour." (28)

In examining the social forms which develop during the course of mankind's struggle to transform nature, Marx thus begins with "real, active men", from "the basis of their real life-process" [47]. The structure of "Capital" (in particular Volume I) as a completed document, is thus misleading, with its opening conceptual discussion of the commodity. His 1857-8 notebooks, recently published in England as the "Grundrisse", are revealing in this context. This work opens with a discussion of production, consumption, distribution and exchange (in that order), pointedly commencing:

"The object before us, to begin with, material production. Individuals producing in society -

hence socially determined individual
production - is, of course, the point of
departure." (29)

Again, we are at the starting point of "real active men", living
in historically defined situations, active, but not in conditions
of their own choosing. Or as Marx expressed this idea in the
"German Ideology":

"Individuals have always built on themselves,
but naturally on themselves within their given
historical conditions and relationships, not on
the 'pure' individual in the sense of the
ideologists." (30)

Man, in other words, is both determined and determining. This
constancy of "premises" lends support to the thesis that from at
least 1844 onwards, Marx's works reveal an essential unity, a unity
based on a particular ontological conception of man (philosophical
anthropology). (31)

The basis for this conception of man is laid out most
clearly in the "Economic and Philosophic Manuscripts". Here,
especially in the section titled "Estranged Labour", Marx presents
his general image of how man exteriorizes himself through labour
within class systems. The more the worker produces in such a
context, the more impoverished he becomes: "With the increasing
value of the world of things proceeds in direct proportion the
devaluation of the world of men." [107] How does such a
paradox come about? Man's life activity, the clue to his "species
character", is "free conscious activity". [113] In conditions of
estranged labour, however, this activity, man's essential being,

becomes a mere means to his existence. The product of his labour is thus "alien, a coerced activity". [115] The alien being, for whom this coerced labour is performed, however, is none other than "man himself". [Ibid.] The secret of alienation, of estranged labour, thus lies in social formations, rather than, as Marx sarcastically suggests, with "The gods". [115]

"If his own activity is to him related as an unfree activity, then he is related to it as an activity performed in the service under the dominion, the coercion, and the yoke of another man." (32)

In the context of capitalism this means, as Marx was later to elaborate, the exploitation of labour by capital. It will be noted that the seeds of the later developed labour theory of value are present in the Manuscripts. For example, Marx observes there that the capitalist

".... profits doubly - first, by the division of labour; and secondly, in general, by the advance which human labour makes on the natural product. The greater the human share in a commodity, the greater the profit of dead capital." (33)

Nevertheless, a number of "empirical" developments took place in Marx's analysis of capitalism in the years after he wrote these Manuscripts. Perhaps the most important are the shift of attention from exchange to production, and the elaboration of the concept labour power as against the theoretically less precise notion of labour. These shifts, however, are not fundamental to Marx's ontological assumptions about man and society. As one

commentator notes

"There is a unity in Marx, but not a unity that explains all empirical situations: merely a unity that provides the premises from which such explanations must begin." (34)

Theoretical understanding of the conditions which constrain and alienate labour in its estranged form is, in this way, a necessary precondition of the more exact scientific examination of particular, historical social formations.

Now the very structure of the "Manuscripts" requires some comment at this point. Marx, briefly, begins with an analysis of the findings of political economy. He then explains and contextualizes these findings through an analysis of the specifically capitalist conditions of alienation, and concludes with a critique of Hegelian philosophy. He writes

"Political economy starts from labour as the real soul of production; yet to labour it gives nothing, and to private property everything." [117]

Thus, while he contends that political economy has "merely formulated the laws of estranged labour" and thus failed to explain or even detect the process of estrangement itself, Marx does acknowledge its correct subject of analysis, that is the labour process, however perverse its theories about that subject-matter may be. [153]

So again we can see, this time in the very structure of Marx's exposition, that his point of departure is real, active men, both determined and determining, exteriorizing themselves through

the expenditure of labour power in specific social and historical contexts. In other words, the premise of Marx's analysis of social formations is the "real foundation" of society, as embodied in the actual, existent social relations of production. Contrary to appearances, he thus did not "begin" Capital with a discussion of the concept commodity. Rather, he analysed the commodity as "the simplest social form in which the product of labour in the present form of society presents itself." (35) The social relations of concrete human beings in their struggle to transform nature is thus, for Marx, the primary subject of analysis. As has been observed

"Marx is concerned with an analysis of the social relations of production and his work never strays outside of these limits. Man's social relations under capitalism appear only through the relations between 'things' (commodities). Leaving aside their particular properties as use-values - which Marx says is an area of concern appropriate to commerce - their one common quality is that they are products of abstract labour, the quantitative measure of which is time. In other words, the category 'value' is entirely subordinate, in both a logical and a historical sense, to the commodity." (36)

On the foundation of these fundamental assumptions - the theoretical orientation toward "real, active men" and the conception of labour as man's essential species-activity - Marx developed and elaborated his model of class structure, exploitation, and the revolutionary tendencies inherent in capitalist society. Within this body of theory, the state performs a special and necessary role:

it functions as a distinct, primarily repressive, institutional complex, "above" society, but owing its existence to the antagonisms inherent in the infrastructure of the capitalist mode of production. This characterization will be clarified in our following discussion of the recent attempt by Poulantzas to elaborate a systematic theory of the capitalist state.

MARX ON THE STATE REFERENCES

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2. J. Bonar (1967), 308-318.
3. S. Avineri (1968), 17.
4. J. Bonar (1967), 316-7.
5. L.D. Easton and K.H. Guddat (1967), 190.
6. T.B. Bottomore and M. Rubel (1963), 190.
7. J.-C. Girardin (1974), 201.
8. S. Avineri (1968), 49.
9. B. Ollman (1971), 215.
10. T.B. Bottomore and M. Rubel (1963), 190.
11. K. Marx (1972a), 26.
12. M. Shaw (1974), 431.
13. K. Marx & F. Engels (1967), 82.
14. Ibid., 105.
15. K. Marx (1973a), 174.
16. K. Marx and F. Engels (1970), 80.
17. K. Marx (1972b), 873-874 (1970), 51.
18. Ibid., 833.
19. K. Marx and F. Engels (1970), 57.
20. Ibid., 46.
21. Ibid., 77-80.
21. K. Marx (1973b), 107-8.
22. K. Marx (1952), 31.
23. F. Engels On Marx's 'Capital'. Moscow: Progress Publishers, 1956.
24. K. Marx (1973c)

25. K. Marx (1971a), 206-7
26. K. Marx (1972b), Preface 2, lix.
27. K. Marx and F. Engels (1970), 42.
28. Ibid., 43.
29. Ibid, 83. K. Marx (1973b), 83
30. K. Marx and F. Engels (1970), 83
31. P. Walton and A. Gamble (1972)
32. K. Marx (1973d), 116
33. Ibid., 81.
34. P. Walton From Alienation to Surplus Value: Developments in the Dialectic
35. G. Pilling (1972), 285. (Quoted in). of Labour. 29.
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II. MARX ON THE STATE - continued
POULANTZAS, IDEOLOGICAL STATE APPARATUSES,
AND THE PARAMETERS OF THE CAPITALIST STATE.

An important debate among Marxists concerning the question of the capitalist state was opened up by the publication of Poulantzas' Political Power and Social Classes and, more recently, his "Fascism and Dictatorship". A number of more or less critical attempts to evaluate Poulantzas' thesis have already been made, not least being the widely-read exchange between Poulantzas and Miliband (1). Our concern will not be to review that debate (a précis of the exchange may be found in Laclau), much of which centres round a two-way methodological denunciation on the points of Miliband and Poulantzas, but to look at Poulantzas' work, indicate a number of its central theoretical weaknesses and inconsistencies; finally on the basis of these critical observations to suggest an alternative assessment of the developments with which Poulantzas is concerned which is more consistent with the theory of the capitalist state developed by Marx and Lenin. Poulantzas' contribution, we feel, is important not only for its attempt to systematically elaborate a theory of the capitalist state, a project the justification of which derives not least from the all too often ritualistic repetition of the formulae of Marx, Engels and above all Lenin, but also for the central aspects of late capitalism to which it draws attention, even though Poulantzas' theorizing in this area is, in many key instances, unsatisfactory.

The major aspect of Poulantzas' work to which we wish to

draw attention is his theory of "Ideological State Apparatuses". His discussion of ideology, we will suggest, while illuminating on a number of particular aspects, implies and in part makes explicit a model of the capitalist state the Marxist inspiration of which is virtually unrecognizable, and which, quite in contradiction to his interpretation of Bonapartism, effectively undermines the notion of the state as a "special instrument" in relation to the characteristic conflicts and antagonisms of the capitalist mode of production. Our discussion of Poulantzas' theory of the relationship between ideology and state will involve a consideration of his conception of politics in general, which is informed by essentially the same misleading theoretical assumptions.

In a number of contexts (2) Poulantzas explains his classification of Ideological Apparatuses in terms of the state. We will, however, take as representative his discussion in Fascism and Dictatorship. There Poulantzas accounts for their state-character in terms of three factors: their inseparable relation to the sphere of social power and consequently the repressive State Apparatus, their role as the "cement" of the total social formation, and the permanent, if often hidden, presence of the repressive apparatus "behind" them. (3) Partly in order to correct a perceived theoretical error in the work of his methodological (and semantic) mentor Louis Althusser, Poulantzas characterizes economic organizations also as "apparatuses" (304, footnote 6). In doing so, however, he specifies that, unlike ideological apparatuses, they do not constitute part of the state system, this being the major specific instance of his observation that "the concepts of 'apparatus'

and 'State' do not cover exactly the same ground" (303). We will contend, however, that a systematic Marxist analysis of capitalist economic enterprises undermines Poulantzas' dichotomous separation of them from the model of the state system as defined by his criteria for including ideological apparatuses within it. We will look in rather more detail at Poulantzas' discussion of ideology and the state.

In the first place, Poulantzas characterizes ideological apparatuses as part of the state system on the grounds that the dominant ideology functions as the "cement" of the social formation, thus constituting a vital aspect of the state's role of "preserving the unity and cohesion of a social formation" (302). This integrative role is precisely what, for Poulantzas, differentiates ideological from economic apparatuses and justifies the exclusion of the latter from his model of the state system. Thus, whereas the state functions to preserve the unity and cohesion of a class-divided social formation

"..... as 'production units' in a system of class exploitation, the main role of the economic apparatus in relation to the masses is to exploit them. The 'authority' or despotism of the exploiting class is directly determined by exploitation, while the State apparatuses do not exploit in the full sense of directly extracting surplus value (this at least is not their main role)." (4)

We shall overlook the tautologous logic by which Poulantzas locates the determination of the despotic structure of exploitation in exploitation! (This type of circularity is, unfortunately,

far from uncommon in Poulantzas' work.) The main point is his exclusion of economic apparatuses from the structures of the state system on the basis of essentially divisive rather than integrative function. This exclusion, however, rests on a highly mechanical view of the relationship between the sphere of economic activity and the political development of the working class, a view which conflicts with and stands against the Marxist tradition within which Poulantzas, and the Althusserians in general, seek to ground their work. Consider, for example, the following passage from Capital, written long after Marx made his supposed "epistemological break" from humanism and ideology to the science of structures, an interpretation of Marx's intellectual development which Poulantzas, incidentally, endorses. (5)

"In the course of capitalist production there comes into existence a working class which, by education, tradition and custom, is induced to regard the demands of this method of production as self-evident laws of nature. The organization of the fully developed capitalist process of production breaks down all resistance. The continuous formation of a relatively surplus population keeps the law of the supply and demand of labour, and therefore the wages of labour, in a rut which is accordant with capital's need for self-expansion. Finally, the daily compulsion of economic relations completes the subjugation of the worker to the capitalist. The direct use of force, apart from economic conditions, goes on, of course, from time to time, but has now become exceptional." (6)

(my emphasis - D.B.)

Marx, that is to say, specifically conceived the sphere of production

itself and its social relations to be a decisive factor in enforcing the incorporation of the working class (the major problematic of the social formation's "unity" and "cohesion" in Poulantzas' scheme) in developed capitalist industrialist society. While always viewing the point of production rather than, for example, the spheres of circulation or distribution, as the location of the systematic exploitation of labour-power, Marx thus recognized its other aspect as a source of integration-through-routinization. Marx, of course, identified the proletariat as the progressive class in developed capitalism, alone able to establish a qualitatively superior form of society. That he perceived contradictory consequences to flow from the experience of labour within capitalist production relations, however, renders the long-line of interpretations which attribute to him the spontaneous or unproblematic development of revolutionary proletarian consciousness questionable.

Lenin, furthermore, considered the unmediated economic struggles of the working class, struggles deriving directly from the exploitative character of the wage-labour relationship in economic enterprises, to be in themselves an integrating factor within capitalism. He suggests in What Is To Be Done? that

".... the spontaneous development of the working-class movement leads to its becoming subordinated to bourgeois ideology, leads to its developing according to the program of the Credo, for the spontaneous working-class movement is trade unionism, is Nur-Gewerkschaftlerei, and trade unionism means the ideological enslavement of the workers by the bourgeoisie." (7)

The conciliatory character of non-revolutionary wage-bargaining has

been examined by a series of later commentators, not least by C. Wright Mills who characterized trade union leaders as "managers of discontent". Marx himself, it may be noted, pointedly observed that working class

"..... struggles for the standard of wages are incidents inseparable from the whole wages system and the necessity of debating their price with the capitalist is inherent in their condition of housing to sell themselves as commodities. By cowardly giving way in their every-day conflict with capital, they would certainly disqualify themselves for the initiating of any larger movement." (8)

Economism, that is to say, despite its source in the exploitative capital-labour relationship, can serve to counteract the development of revolutionary consciousness.

The purpose of this digression has been to show that Marx and later Marxists have recognized the integrative dimensions of capitalist production, both in terms of its direct influence on the consciousness of individual workers and through the routinization of class struggle that characteristically accompanies non-politically-directed inter-class relations. Poulantzas, in fact, elsewhere indicates how the economic enterprise can and does, through the structures of the division of labour, articulate and reinforce ideological conceptions of the appropriateness and inevitability of capitalist production relations. To quote

"..... the reproduction of positions in the relations of ideologico-political domination does indeed invoke the [state - D.B.] apparatuses, but it also invokes apparatuses other than the

state ideological apparatuses - most importantly the economic apparatus itself. As a unit of production in its capitalist form, an enterprise is also an apparatus in the sense that, by means of the social division of labour within it (the despotic organization of labour), the enterprise itself reproduces political and ideological relations concerning the places of the social classes." (9)

This insight, however, is not incorporated into Poulantzas's discussion of the state. Its pertinence to that discussion is that through partly at least functioning as a force for "the unity and cohesion of a social formation", the economic apparatuses would logically have to be included in the state system according to the first criterion suggested by Poulantzas himself, Poulantzas, however, systematically excludes them.

Similarly, Poulantzas' other two criteria for characterizing ideological apparatuses as state apparatuses apply equally to the economic enterprise. In the first place, he points out that all ideologies are class ideologies and consequently relate to power relations, that is the sphere of the state. Equally, however, all economic activity is, in capitalist society, class-based and, in fact the basis of class, as Poulantzas is well aware. In Political Power and Social Classes, for example, he specifies that in the formation of social classes the "economic element" is decisive "in the last instance" (67-8). For Poulantzas, moreover, a class only becomes fully such

".... when its connections with the relations of production, its economic existence, is reflected on the other levels by a specific presence." (10)

These "other levels", in fact, are precisely those of ideology and politics. The state is both the object and the objective of class political practice (Ibid., 96), and power as such is defined as "the capacity of a social class to realize its specific interests" (Ibid., 104). By Poulantzas' second criterion also, the class-structured economic apparatus is related to the sphere of politics and, consequently, the state.

Again Poulantzas' correct observation that the repressive state apparatus continually stands "behind" the ideological apparatuses applies at least equally to those in the economic sphere. The state's armed response to factory occupations in, for example, Italy in the 1920's and, more recently, in Chile, demonstrates that the presence of the gun behind the work-desk is no idle or paranoiac fantasy.

The logic of Poulantzas's characterization of ideological apparatuses as elements of the state would, in short, consistently lead him to similarly locate economic apparatuses inside the state system. As we have seen, however, he explicitly repudiates such an interpretation. It is, perhaps, ironical that while he criticizes Miliband for inadequately considering the political conclusions of The State in Capitalist Society (11), his own work embodies an unfortunately mechanical view of relationship between the economic and the political and, more generally, between base and superstructure. Formally, Poulantzas attributes central importance to the class struggle. (12) The class struggle is the scenario within which the state must function to guarantee cohesion and unity. Yet, while in one context recognizing the ideological

dimension of capitalist production (13) and in another correctly (against Althusser) identifying direct state-intervention in the process of economic reproduction (14), Poulantzas writes the following:

"In my view the term 'ideological State apparatus' is the more necessary when the term 'apparatus' is also used for the economic apparatus. Otherwise the distinction between ideological apparatus and economic apparatus could become blurred, and thereby the distinction between 'super-structure' and 'base' also." (15)

Rather than systematically incorporate them into his model of the state, that is to say, Poulantzas isolates his comments on the capitalist economy which would contaminate the "purity" of his highly schematic and taxonomic theoretical reconstruction of the structures of the system as a whole. The discrepancy between his decision to include the ideological while excluding the economic apparatuses from the state system is highlighted rather than resolved by his highly formalistic and abstracted reference to the base-superstructure dichotomy.

The source of this inconsistency, we feel, is to be found in Poulantzas' primary concern to analyse the "functions" of the capitalist state, as against its institutional order, which is effectively seen to be of secondary importance. In order to develop this point we will examine Poulantzas' discussion of power and the significance of that discussion for his theory of the state.

The state, in the first place, is defined by Poulantzas as "the factor of cohesion between the levels of a social formation". (16) It is, that is to say, the regulating factor in the social formation,

the various contradictions of which are "condensed" in it. The state superstructure constitutes the arena of the political, while politics is the class struggles and practices around that superstructure, the object and objective of which is "the institutionalized power of the state". (17) Now while Marx criticized ideological uses of the theoretical distinction between state and civil society, he retained or rather transformed the distinction in the form of the state's character as a "special instrument", representing and defending the general interests of the dominant class as a whole. Poulantzas, on the other hand, effectively merges state and civil society through his conception of politics and his discussion of the relative autonomy of the state. His misleading portrayal of the relationship between economy and society paradoxically finds expression, we will suggest, both in the generalization of a particular form of state with a high degree of autonomy and political specificity, and in a distorted extension of that state's effective parameters.

Poulantzas, as we have seen, while viewing class as a concept to demonstrate the effects of a mode of production on its field of social relations, holds that a class only functions as a class when its economic existence is matched by a "specific presence" at the ideological or political levels, or both (Ibid., 78). Such a class "for itself", as Marx characterized it, has, as the objective of its political practice, the state, or "the centre of the exercise" of political power (Ibid., 115). The class which is dominant at the level of class struggle maintains through the state its dominant role in the whole social formation (Ibid., 114).

The state, for Poulantzas, has relative autonomy within the social formation. This relative autonomy, in fact, is the theoretical basis for the various theses that he elaborates throughout Political Power and Social Classes. He writes concerning the state's role as the factor of cohesion in a social formation

"This function of the state, becoming a specific function, specifies the state as such in the formations dominated by the C.M.P., characterized by the specific autonomy (italicised - D.B.) of instances and by the particular place which is there allotted to the region of the state. This characteristic autonomy is the basis of the specificity of the political: it determines the particular function of the state as the cohesive factor of the levels which have gained autonomy." (18)

The legitimacy of the specifically capitalist state, expressed in the ideology of a "general will", derives from the formally free and independent status of its citizens and from the democratic institutions of popular sovereignty. These ideological elements of political culture constitute, for Poulantzas, the "specific autonomy" of the realm of politics, and are determined by the commodity form of capitalist production (Ibid., 123-8). This aspect of Poulantzas' thesis, incidentally, undermines A.B. Bridge's unqualified contention that he underestimates the relativity of the state's autonomy. (19) His discussion of state autonomy is, in fact, formally and explicitly contextualized within the class-divisions and commodity-producing character of capitalist society.

Nevertheless, Poulantzas' doctrine of relative autonomy is contradicted by his discussion of state power elsewhere in the same work. He writes:

"When we speak for example of state power, we cannot mean by it the mode of the state's articulation at the other levels of the structure; we can only mean the power of a determinate class to whose interests (rather than to those of other social classes) the state corresponds." (20)

The confusion, or rather merging, of state and class power here leads Poulantzas, as Miliband has pointed out, to implicitly deny any autonomy to the state at all. (21) Only social classes, as against the institution of the state, are seen to hold power.

Miliband correctly points to and criticizes the consequent corollaries drawn by Poulantzas concerning the unity of state power and the role of the state rather than a party to organize and articulate the collective demands of the ruling class. Miliband's criticisms are, we feel, valid, and we will not elaborate on them.

Nevertheless, Miliband's comments concerning Poulantzas' confusion of class and state power indicate, in our opinion, what is essentially one specific instance of a more fundamental error in the latter's work, the use or rather mis-use he makes of the distinction between civil society and the state. We suggested earlier that Poulantzas effectively merges the two spheres in his treatment of the state's relative autonomy. We will now examine in more detail the way in which he does this.

Poulantzas, in the first place, interprets Marx's notion of the "antagonism between state and society" to refer both to the relative autonomy of the political and the economic structures, and, more specifically, to the relative autonomy of the state from the politically dominant classes. (22)

Concerning the relative autonomy of the political and the economic, Poulantzas, drawing on Gramsci's concept of hegemony, constructs a model of the state which consists primarily of a system of repressive, economic and ideological structures, each, but especially those associated with ideology, having some autonomy. The particularly high degree of autonomy of the ideological state apparatuses finds expression in "major dislocations of state power" through their control by particular fractions of the dominant class. (23) The repressive state apparatus or "state proper", on the other hand, typically is unambiguously controlled by a single class or class fraction, thus constituting a "concrete unity", a virtual sub-system within the state system as a whole. (Ibid., 308)

In effect, however, this set of interlocking structures becomes subordinate, in Poulantzas' analysis, to the second factor mentioned above, the relative autonomy of the state from the politically dominant class whose interests it represents. In fact, the relative autonomy of the political and the economic or, more precisely, (although not in Poulantzas' terms) the state and civil society is effectively structured by Poulantzas' analysis of the relation between the state and the specifically ruling class in terms of Bonapartism. As the autonomy of the state from the dominant class (expressed in terms of an expansion of the former's spheres or functions) increases, so the distinction between state and civil society, between politics and economics, becomes obscured until, implicitly at least, it is effaced. At the same time, Poulantzas' formal attribution of relative autonomy to forms of government or régime is similarly undermined by universalization of

the Bonapartist state form. Both the distinction between state and civil society and the relative autonomy of the form of regime are, in short, theoretically obliterated by Poulantzas' treatment of Bonapartism, the relative autonomy of the state from the dominant class. It is instructive to observe precisely how he does this.

The relative autonomy of the political and economic spheres is, we suggested, subordinate to that of the autonomy of the state from the specifically dominant classes in Poulantzas' work. The crucial concept which effects this attribution of primacy to the second aspect of the "antagonism between the state and civil society" (see discussion above) is that of Bonapartism. Poulantzas writes

"The relation between the state and the political interests of these classes, which Marx frequently distinguished from their 'private', 'economic', 'selfish', etc., interests, establishes itself only by a relative autonomy between the state and these classes, whose secret is revealed by Bonapartism: its essential characteristic is precisely that particular independence of the state from the dominant classes." (24)

In the same work Poulantzas contends that for Marx and Engels conceived of Bonapartism, not simply as a particular, concrete form of the capitalist state but "as a constitutive theoretical characteristic of the very type of capitalist state". (Ibid., 90)

This contention is clearly erroneous, however, Poulantzas' major textual source for his thesis is a letter of 1866, in which

Engels, commenting on Bismarck's proposals for Prussian constitutional reform, refers to Bonapartism as

".... the real religion of the bourgeoisie a Bonapartist semi-dictatorship is the normal form; it upholds the big material interests of the bourgeoisie (even against the will of the bourgeoisie) but allows the bourgeoisie no part in the power of government." (25)

This isolated passage, however, far from supporting Poulantzas' identification of Bonapartism with the capitalist state power per se, clearly conflicts with the former's general treatment by both Marx and later Marxists. Miliband has very effectively refuted Poulantzas' claim that Marx expressed a similar view in The Eighteenth Brumaire, and in order to avoid repetition we will simply endorse Miliband's corrective interpretation. (26)

Marx's interpretation of the apparently "independent" character of the Bonapartist-type state phenomenon in fact emphasizes its particularity as a regime of social and political crises, of a specific conjuncture in which the state's political functions "overdetermine" its economic and ideological ones, to adopt Poulantzas' terminology. Illustrative of this interpretation is his materialist analysis of the "apparently independent" nature of the nineteenth century German state in The German Ideology. There, grounding his analysis in a study of the material development of German society, Marx depicts a scenario of social stagnation, the consequence of the parochial, unorganised condition of the German bourgeoisie on the one hand, and the decline of the old feudal aristocracy, largely a result of the peasant wars, on the other. Consequently

"..... the special sphere, which, owing to the

division of labour, was responsible for the work of administration of public interests, acquired an abnormal independence, which became still greater in the bureaucracy of modern times." (27)

The exceptional character of the German state, that is to say, reflected the corresponding exceptional inability of the dominant classes in that society to articulate and pursue their common interests by other means. A particular conjunctural crisis produced the conditions whereby the state functions to unify, through its expanded autonomy, the interests of the dominant classes. For Poulantzas, on the other hand, this mode of ruling class unification is generalized, through the concept of Bonapartism, into a characteristic of the capitalist state as such. (28) The "last resort" nature of Marx's conception of the Bonapartist state is expressed in Trotsky's observation that it is "one of the political weapons of the capitalist regime in its critical period". (29) Consistently, however, Poulantzas stresses this aspect of the state - civil society antagonism at the expense of the relative autonomy of the political from the economic as such. The consequence of this persistent emphasis, when compounded by the expansion of functions that Poulantzas attributes to the Bonapartist capitalist state, is the effective undermining of the state-civil society distinction from which he begins, and as a result the obliteration of the "special" character of the state on which his theory of Bonapartism rests. This requires closer analysis.

Formally, we will note, Poulantzas attributes a relative autonomy to forms of government or regime within a particular form

of state. The liberal state form, for example, may be expressed by a regime of parliamentary republic or by one of constitutional monarchy. Such differences are attributed to a certain autonomy in the sphere of politics, in "the specific structures of the political level." (30) At the same time, however, Poulantzas seriously minimizes the effective differences between such varying forms of regime in particular instances. For example,

".... in the framework of the capitalist class state, parliamentary legitimacy is no 'closer to the people' than that legitimacy which corresponds to the predominance of the executive. In fact, there are always ideological processes in both cases." (31)

It need hardly be said, however, that the crucial factor in the characterization of the capitalist state is, from a Marxist perspective, its mode of operation in capitalist society which is, in the last instance, orientated towards and determined by contradictions in the economy rather than in the sphere of ideology, although, of course, ideological as well as directly political factors will exert some influence.

Poulantzas, however, while formally endorsing the conceptual distinction between "base" and "superstructure", (32) effectively undermines it and in doing so drastically if only implicitly and in fact against his own stated purpose, the Marxist conception of the state. We attempted at the outset to demonstrate that Poulantzas' discussion of "ideological State apparatuses" logically opens the door to the inclusion of economic apparatuses in the state system, even though he actually rejects

such a conclusion. Poulantzas, we will note, unavoidably but formally emphasizes the centrality of class conflict in capitalist society. Thus, for example, he observes that

"... the effective emergence of social classes takes place at political and ideological levels, levels which cannot be analysed in terms of structures, but solely in terms of class struggle" (italicised)

(33)

The economic basis of class, moreover, is, as we have seen, viewed as decisive in the last instance. (Ibid., 67-9) Nevertheless, its "global role" is specified as essentially political. The primacy of this political role is expressed by Poulantzas in the following terms:

"The state is related to a 'society divided into classes' and to political domination, precisely in so far as it maintains, in the ensemble of structures, that place and role which have the effect (in their unity) of dividing a formation into classes and producing political class domination. Strictly speaking, there is no technico-economic, ideological or 'political' function of the state: there is a global function of cohesion which is ascribed to it by its place, and there are modalities of this function overdetermined by the specifically political modality."

(34)

Now the political character of the state is basic and fundamental to any Marxist analysis. Poulantzas' notion of the state's "global function of cohesion", however, serves to shift attention from the problematic of the relations between economy and politics or, more generally, between base and superstructure, and effectively merge them, thus expanding the parameters of the state deep into civil society. Ideology, we have seen, is, as Poulantzas stresses, an important factor of cohesion, the "cement" of the social formation. He further emphasizes its pervasiveness throughout the social

formation, suggesting that "Only revolutionary organizations and organizations of class struggle can in the end 'escape' the system of ideological State apparatuses". But the, albeit unstated, corollary of the definition of the state in terms of its cohesive or integrative role and the incorporation of the ideological apparatuses within this system is a conception of the state which, as we have seen, incorporates virtually all the institutions within the social formation, including the economic apparatuses. Alone excluded from the resulting effective equation of state and society are those organizations which at least implicitly embody the goal of revolutionary social change (the palaces of Poulantzas' "philosopher kings"?)

If we put aside, for a moment, the critical content and purpose of Poulantzas' work, his implied model of the state as outlined above more closely resembles that of the British Idealist philosopher Bernard Bosanquet than that of Marx. Bosanquet speculated

"By the State, then, we mean society as a unit, recognized as rightly exercising control over its members through absolute physical power. The limits of the unit are, of course, determined by what looks like historical accident; but there is a logic beneath the apparent accident, and the most tremendous political questions turn upon the delimitation of political units. A principle, so to speak, of political parsimony is always tending to expand the political unit." (35)

Bosanquet goes on to counterpose against the expansion of the political unit the opposing tendency toward self-government. Never-

theless, his conception of an expanding state system, an expansion deriving from its function as the source and agency of coercive social cohesion, is uncomfortably similar to Poulantzas' implied model. In both cases, the "functionalist" orientation of the supposed primary role of the state gives the parameters of its system an elasticity which is, in principle, without limits in any given social formation.

The elasticity of this model co-exists uneasily, of course, with the aspect of Poulantzas' work which identifies the specifically repressive aspect of the state as "the State apparatus proper". (36) There the state's repressive role derives directly from the inherent class antagonisms of civil society and attains primacy in Poulantzas' account. The specificity of class conflict becomes obscured, however, as Poulantzas develops, if not fully, the implications of his emphasis on the state's "global role" as a factor of cohesion, as we sketched that development above. As, in short, the distinction between state and civil society becomes problematic with the inclusion of ideological apparatuses in the former, a "functionalist" characterization of the various spheres - ideological, economic and political - of the state system gains ascendancy over the conflictual and repressive source and character of state power.

Marcuse has pointed out that Marxism requires and is grounded in "polydimensionality", or the perception of different social segments. (37) Poulantzas' "elastic state", if the term may be used, obliterates even while (as we have seen) he formally endorses and "defends", a conceptual distinction that is central to Marxist sociology, that between 'base' and 'superstructure'. The

distinction is made in the famous passage from Marx's Preface to A Contribution to the Critique of Political Economy, which we will quote.

"In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The totality of these relations of production constitutes the economic structure of society - the real foundation, on which legal and political superstructures arise and to which definite forms of social consciousness correspond. The mode of production of material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their being, but, on the contrary, their social being determines their consciousness." (38)

Now in writing this Marx did not, of course, suggest any mechanical or reductionistic relationship between the economic "base" and its social "superstructure". Rather, he was concerned to establish and specify his materialist conception of man, socially producing, as the subject of the historical process in the sense that he produces his own world within definite social production relations. These production relations, moreover, constitute the determinate context of the social transformation of nature, the necessary and primary condition of social existence as such, the final determinant of the superstructural complex of which the state is a part.

But for Poulantzas the state is more than one, specifically

repressive, element of the superstructure. In the first place, his characterization of its primary or global role as that of "cohesion" within the social formation, incorporating the ideological apparatuses, radically enlarges the state sector of the superstructure. For, as Poulantzas himself points out, what organizations but those with a purposively revolutionary orientation can fully escape the influence of bourgeois ideology? (39) As Lenin notes

"..... the only choice is: either the bourgeois or the socialist ideology. There is no middle course (for humanity has not created a 'third' ideology, and, moreover, in a society torn by class antagonisms there can never be a non-class or above-class ideology)." (40)

Poulantzas' capitalist state, then, logically and consistently pervades that society's superstructural complex.

As we have seen, moreover, that state, however much Poulantzas may deny this, by implication, incorporates the economic apparatuses of the social 'base'. The logical conclusion of Poulantzas' discussion of economic and ideological apparatuses has, in fact, been elaborated by Birnbaum who, on the basis of an analysis of the structural changes in advanced capitalism, explicitly rejects the contemporary relevance of the base-superstructure conceptualization. Birnbaum argues

"..... a specific political autonomy is difficult to attribute to the state, but a specifically economic autonomy is impossible to attribute to the market. Indeed, the classical market has disappeared and has been replaced not simply by structures of a monopolistic or oligopolistic sort but by a complicated apparatus of controlled,

interlocking processes. The original (Marxian) notion of base and superstructure has little meaning in the face of this concrete totality." (41)

The emergence of political apparatuses extending deep into the economy (the "overdetermination" of the latter by the former, for Poulantzas), that is to say, invalidates the analytical concepts of "base" and "superstructure". But if this is the case, and we have contended that it is implied in Poulantzas' model, the distinction between civil society and state is undermined, and with it the basis of a characterization of the state as a "special" instrument or organism, a characterization which is fundamental to and inseparable from Poulantzas' theory of Bonapartism. Class struggle is always present as a formal backcloth to the "regional" structures of the state, but within that political sphere the major segmental boundaries are those between the particular types of state apparatuses - in particular the political and the ideological - which collectively preserve the unity and cohesion of the social formation, rather than that between the state and civil society. The latter distinction reveals the presence of a "special", specifically repressive, public power, and it is this presence, rather than the "functionalist" notion of social cohesion, that constitutes the essence of the Marxist theory of the state.

Marx observed

"By the word 'state' is meant the government machine, or the state in so far as it forms a special organism separated from society through division of labour" (42)

This image of a "machine", distinct from though acting upon a class-

divided civil society is adopted and elaborated by Lenin in The State and Revolution (6-7, 9, 12). Its institutional presence as a special, repressive public power, that is to say, is given primacy. Poulantzas' attribution of a "global role" of cohesion to the state, on the other hand, assumes class struggle as a purely formal and schematic element of the environment of political practice. At the same time, the parameters of the state system widen until, by implication, its limits are effectively identical with those of society itself.

Now in his discussion of ideological state apparatuses, the aspect of his work which, we have suggested, reveals most clearly the functionalist orientation of his analysis, Poulantzas makes a number of informative and illuminating observations concerning the general character of ideology. His insistence that ideology is concretized in the practices of a social formation (43) for example, serves as a useful corrective to the superficial view that it pertains solely to the realm of ideas. Such an ideational interpretation of ideology frequently recurs in Lenin's work. In The State, for example, he writes of the capitalist state

"Yet the state continued to be a machine which helped the capitalists to hold the poor peasants and the working class in subjection. But in outward appearance it was free. It proclaimed universal suffrage, and declared through its champions, preachers, scholars and philosophers, that it was not a class state." (44)

In the same work he polemically but significantly proclaims the state to be "a bourgeois lie" (Ibid., 24). Poulantzas' emphasis on the roots of ideology, in particular the notion of a "general will" which

he recognizes as a dominant element in the legitimization of capitalism, in the social relations of production (45) is, by contrast, derived directly from a Marxist analysis of the political economy of capitalism, and in particular from the notion of the fetishism of commodities.

Yet despite this welcome emphasis on the institutional and structural nature of ideology Poulantzas errs, we must insist, in locating ideological practices and apparatuses within the state system. The hypothetical empirical incorporation of partly ideological institutions such as trade unions into the state apparatus is certainly a historical possibility, but equally certainly is not the case in the advanced capitalist countries at the present time. It is not, that is to say, an inherent characteristic of the capitalist type of state as such. To take the example of the trade unions (46), Trotsky's characterization of them as militant economic organizations on the one hand and a school of political education on the other, (47), is still essentially valid. The increasing tendency for sections of the rank-and-file membership to come into conflict with union leadership over economic issues with demonstrably political implications dramatically undermines any attempt to characterize them in toto as state apparatuses (48). Such autonomy is not reducible to the "relative autonomy" of a state apparatus, however much Poulantzas may emphasize the "major dislocations of state power" resulting from the high degree of autonomy of the ideological structures. This is not, of course, to suggest that the existent trade union bodies are in themselves vehicles of revolutionary social change. Rather, that in the

context of late capitalism the economic demands that they articulate increasingly encounter a state-initiated resistance which compounds a scenario of acute and potentially political confrontation. The long-term incompatibility of the radical economism of the powerful trade unions on the one hand and the pattern of "indicative planning" that has emerged in the capitalist world during the post-war period, that is to say, repudiates Poulantzas' thesis that the unions, through their ideological function, constitute an element of the state system.

Poulantzas, in summary, adopts an idiosyncratic (for a Marxist) conception of the state as primarily fulfilling the role of preserving the social cohesion and unity of the social formation. Quite despite his taxonomic fervour which distinguishes "ideological State apparatuses" from "economic apparatuses" which are not part of the state system, there is a logic in Poulantzas' theses which, if pursued, extends the state, defined essentially in terms of a "function", to include virtually every element and institution of society. This effective identification of state and society recalls Hobbes' depiction of the identity of the two. Without the social order ('cohesion') guaranteed and enforced by the sovereign state, human society as such is impossible.

"Whatsoever therefore is consequent to a time of Warre, where every man is enemy to every man: the same is consequent to the time, wherein men live without other security, than what their own strength, and their own invention shall furnish them withall. In such condition, there is no place for Industry; because the fruit thereof is uncertain: and consequently no

Culture of the Earth, no Navigation, nor use of the commodities that may be imported by Sea: no commodious Building: no Instruments of moving, and removing such things as require much force: no Knowledge of the face of the Earth: no account of Time: no Arts: no Letters: no Society: and which is worst of all, continuall feare, and danger of violent death: And the life of man, solitary, poore, nasty, brutish, and short." (49)

Hobbes derived this view by identifying the establishment of human society with the foundation of the state. As against the atomized model of conflict which the state unifies in Hobbes' account, Poulantzas' perception of social antagonism is formally Marxist, specifying the conflict between capital and labour in the capitalist mode of production. The essentially mechanical nature of the relationship between this sphere of conflict and the state's primary function of integration must be stressed, however. Miliband suggests that in Poulantzas' work the class struggle "makes a dutiful appearance, but in an exceedingly formalized ballet of evanescent shadows." (50) I would replace this rather ethereal characterization with a more contentious one. The presence of the class struggle in Poulantzas' thesis, in addition to being "dutiful", unequivocally throws into high relief the unstated implications of his dominant, functionalist conception of the state. From that conception logically flows an effective equation of state and civil society, and an obliteration of the conceptual distinction, crucial to Marxist sociology, between "base" and "superstructure", which renders his interpretation of the Bonapartist repressive State apparatus, the "State apparatus proper" quite meaningless. The respective models of the state as repressive

and as cohesive not only stand as a formal logical contradiction in Poulantzas' work: the latter, on Poulantzas' own account (51) has both a structural and determining primacy over the former, and as such undermines it and the Marxist theory of the state along with it.

As against Poulantzas' "pervasive" state, we will suggest that a minimal definition of the capitalist state views it as a specifically repressive institutional complex, the existence of which derives from the class antagonisms of its parent society. In the course of capitalist development, it tends, though in an uneven way, to more or less use, adapt, penetrate, transform and finally, in some cases, actually appropriate a variety of social institutions and apparatuses, both in the "base" and the "superstructure". With the particular exception of the total appropriation of those institutions and apparatuses by the state, (a development approximated in the German war-economy of the 1930's and 1940's) however, they are not, strictly speaking, aspects of the state itself. Such a complete appropriation is a historical possibility, but is neither, as Poulantzas would, despite himself, have it, inherent in the capitalist state as such nor existent in the contemporary advanced capitalist world.

MARX ON THE STATE REFERENCES (continued)

1. See, for example, Laclau (1975), A. Wolfe (1974), A. Bridges (1974), N. Poulantzas (1972), R. Miliband (1972).
2. For example, Poulantzas (1972), 251-2.
3. N. Poulantzas (1974), 302.
4. Ibid., 304.
5. See, for example, Poulantzas (1973), 48-9 and 74.
6. K. Marx (1972b), 817.
7. V. I. Lenin (1972), 49.
8. K. Marx (1973c), 77.
9. N. Poulantzas (1973b), 52.
10. N. Poulantzas (1973), 78.
11. N. Poulantzas (1972), 253.
12. N. Poulantzas (1973), 42.
13. N. Poulantzas (1973b), 52.
14. N. Poulantzas (1974), 302-3.
15. Ibid., 304.
16. N. Poulantzas (1973), 44.
17. Ibid., 37-42 and 96.
18. Ibid., 46-7.
19. A. B. Bridges (1974), 171-2.
20. N. Poulantzas (1973), 100.
21. R. Miliband (1973a), 87-8.
22. N. Poulantzas (1973), 282.
23. N. Poulantzas (1974), 306-7.
24. N. Poulantzas (1973), 282.

25. Quoted in *ibid.*, 259.
26. See R. Miliband (1973), 90-1.
27. K. Marx and F. Engels (1970), 98.
28. N. Poulantzas (1973), 298.
29. L. Trotsky (1967), 278.
30. N. Poulantzas (1973), 153-4. Also, N. Poulantzas (1974),
31. N. Poulantzas (1973), 312.
32. N. Poulantzas (1974), 304.
33. N. Poulantzas (1973), 76.
34. *Ibid.*, 51.
35. B. Bosanquet (1965), 172.
36. N. Poulantzas (1974), 307.
37. H. Marcuse (1968),
38. T. B. Bottomore and M. Rubel (1963), 67.
39. N. Poulantzas (1974), 308-9.
40. V. I. Lenin (1972), 48.
41. N. Birnbaum (1968),
42. K. Marx (1972a), 29.
43. N. Poulantzas (1974), 301.
44. V. I. Lenin (1970a), 19.
45. N. Poulantzas (1973), 123-9.
46. N. Poulantzas (1974), 299-300.
47. L. Trotsky (1970), 108.
48. For two particularly well-documented case studies, see
T. Beck (1974) and S. Johns (1974).
49. T. Hobbes (1914), 64-5.
50. R. Miliband (1973a), 86.
51. N. Poulantzas (1973), 51.

III ARMS AND THE STATE: A NEW STABILITY?

After the Second World War the capitalist world entered, against both Marxist and neo-Keynesian expectations, (1) into an extended cycle of generalized, if uneven growth. Attempts to account for this phase of expansion have, in the main, centred on the role of the state, particularly in so far as it promotes investment and, through the socialization of consumption, sustains demand. Two groups of interpretations, both claiming descent from the Marxist tradition of analysis and purporting to account for the growth in state expenditure during this period and throughout the twentieth century as a whole, may be distinguished. The first type of interpretation explains the growth of state expenditure as a means whereby an otherwise uninvestable social surplus may be "disposed". The second emphasizes the provision by the state of services which are profitable for capital but which, for technical or other reasons individual capital units or enterprises are unable to provide.

In general, the "uninvestable surplus" group of theorists tend to perceive increased state involvement to be a potentially stabilizing influence on an otherwise crisis-prone capitalist system, whereas the second are primarily concerned with the problems that state expansion, and particularly its intervention in the capitalist economy, pose for accumulation and for the viability of the system as a whole. Within the first group of

theories, however, we may distinguish between those which perceive state expenditure, particularly on military goods, as inadequate to the task of surplus disposal, and those which claim, with more or less qualification, that the prevailing forms of state expenditure constitute a means to at least moderate the cyclical, crisis-tending movement of classical capitalism. Both, however, rest primarily on Keynesian rather than Marxist assumptions in explaining the economic dynamics of state interventionism.

Keynes' importance was that he was one of the first economists to attempt to formulate a systematic explanation of and remedy for the type of economic crisis that characterized the capitalist world in the 1920' and 1930's. Recognizing that the previously influential supply and demand equilibrium model, expressed at its simplest in Say's Law, could not account for such developments, Keynes attempted to make a radical break with what he perceived to be the history of economic theory. He summarized the recent trends in that history, suggesting a more or less unquestioned acceptance of a narrow orthodoxy, in the following way:

"From the time of Say and Ricardo the classical economists have taught that supply creates its own demand;- meaning by this in some significant, but not clearly defined, sense that the whole of the costs of production must necessarily be spent in the aggregate, directly or indirectly, on purchasing the product. (2)

As against this perceived unity in economic thought through the nineteenth century and up until Pigore, Keynes, in his General Theory, constructed a model with three major variables to determine the limits within which the capitalist system fluctuates. The variables he selected were the consumption function, the marginal efficiency of capital and the rate of interest.

The consumption function, briefly, refers to the relation between movements in income and in consumption. As income rises, Keynes contended, the average propensity to consume diminishes, the gap between income and consumption finding expression in increased savings. Thus

"men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income" (3)

Keynes referred to this as a "fundamental psychological law".

By the "marginal efficiency of capital" Keynes meant the anticipated return on any additional unit of capital investment. When, Keynes reasoned, the anticipated or future perceived return fell too close to the rate of interest, or the cost of borrowing money, investment and consequently addition to the existing stock of capital would tend to falter. Marginal efficiency, that is to say, is defined in terms of "the expectation of yield". (4)

Keynes saw the rate of interest to be determined by two major factors: the "natural" desire to hold assets in a liquid form and the consequent necessary payment of interest for the temporary borrowing of it, and the amount of money, determined by the Central Bank, in circulation. That is, the rate of interest is the reward for parting with liquidity, while the quantity of existant money determines the actual level of the rate in particular instances. (Ibid; 167-8)

Keynes has been critized for presenting an underconsumptionist interpretation of capitalist stagnation and under-utilization of resources. J. Eaton, for example, suggests:

"Keynes has much to say about the
'prosperity to consume' but on the
'prosperity to accumulate'.....
Keynes has nothing to say". (5)

As Joan Robinson points out, however, Keynes' analysis of capitalist crises derives from variations in the inducement to invest, this depending on the perceived prospect of future profit from new investment. (6)
In fact, Keynes believed the marginal efficiency of capital to be the most important variable in the determination of capital investment.

"The schedule of the marginal efficiency of capital is of fundamental importance because it is mainly through this factor (much more than through the rate of interest) that the expectation of the future influences the present". (7)

As with the rate of interest and the consumption function, however, marginal efficiency is essentially a psychological phenomenon, subjective expectations about future profits being seen as the chief proximate determinant of investment. Thus Keynes emphasizes the close causal relationship between "changes in expectation" and "the violent fluctuations which are the explanation of the Trade Cycle". (8) This subjective orientation is one aspect of a more general tendency by which Keynes's analysis of investment decision-making is abstracted from the actual, objective conditions of capital accumulation. (9) Another is his treatment of the development of society's productive material culture. Keynes indicates that among "other elements in the economic system" he assumes as given the skill and quantity of available labour and technique, as well as of available equipment. (10) Fundamental to capitalism, however, is its development of the means of production ("available equipment"), a process which is central to Marx's conception of the rising technical and organic compositions of capital. (11) Skill, moreover, is a far from static dimension of labour-power. Transformations in productive technique are typically accompanied by a change, upward or downward, in the level of technical expertise required of the labour force. Keynes's model of the conditions of capitalist production is thus partial to say the least. Nevertheless he did attribute especial importance to the process of investment, even if his account is inadequate both in terms of its subjectivist bias and its ahistorical character.

The problems associated with the "gap" between increasing incomes and a less rapidly rising level of consumption are, nevertheless, essential to Keynes's critique of Say's Law ("Supply always creates its own demand"). He perceived consumption to be essentially a passive factor, in the main dependent upon the level of aggregate income. (12) Income, in turn, derives from previous investment and consequently consumption in Keynes's model is by and large determined by investment decisions, to which the larger part of his policy recommendations were directed. In particular, he advocated that the state should take greater responsibility for investment, believing that the alternative would be "the destruction of existing economic forms in their entirety. (13) Characteristically, he adds that such state intervention constitutes "the condition of the successful functioning of individual initiative".

Consumption, however, is also seen to be an important area for state intervention. While expressing caution concerning the optimal scale of intervention, Keynes view was that, in principle,

"the enlargement of the functions of government involved in the task of adjusting to one another the prosperity to consume and the inducement to invest is desirable." (14)

Demand management, or the adjustment of "effective demand" is thus, together with social investment, central

to Keynes' advocated expansion of state economic intervention. Through this dual function Keynes envisaged state intervention, of "public works", as a means to offset advanced capitalism's stagnationist tendencies, the result of a combination of increased savings and a reluctance on the part of capitalists to invest.

Methodologically, Keynes may be criticized for the individualistic orientation of his analysis. Essentially he begins with individuals and their decisions to save, invest, or consume. The main point we wish to make, however, is that the Keynesian perspective presents a model of the capitalist state which productively utilizes otherwise idle resources in the form of money, labour and productive equipment. The state is not, in Keynes' model, perceived in class terms. He suggests, rather, that it embodies "the popular will". (15) In addition to its wider influence in the post-1930's Depression period, nevertheless, the Keynesian model of the state has been formative for a number of nominally Marxist analyses that stress the state's role as a means of disposing an otherwise uninvestable social surplus. We will consider examples of both "pessimistic" and "optimistic" variants of this thesis.

Prominent among the former is Baran and Sweezy's study Monopoly Capital. Central to their thesis, an analysis of contemporary American capitalism, is the contention that the tendential law for the rate of

profit to fall has been replaced by a new "law of rising surplus". (16), surplus being "the difference between what a society produces and the cost of producing it". Baran and Sweezy see this law to derive from two factors, both related to non-price competition. The first factor involves what Baran and Sweezy term "the dynamics of market sharing", the latter the form that sales effort assumes in the producer goods industries. (17).

Concerning the division of the capitalist market, Baran and Sweezy note that the firm with lower costs and higher profits enjoys a variety of advantages over higher cost rivals in the struggle for market shares. "The firm with the lowest costs holds the whip hand". They conclude from this truism (although they point out that economists have largely overlooked such an apparently obvious consequence of cost advantage) that :

"there is a strong positive incentive for the large corporation in an oligopolistic industry not only to seek continuously to cut its costs but to do so faster than its rivals." (18)

Baran and Sweezy further observe that non-price competition in producer goods industries, the buyers of the products of which being primarily concerned to increase profits, is another factor ensuring that the costs of production will be minimized. The capitalistic practices of unit cost economy are thus causally the foundation of Baran and Sweezy's conception of a rising surplus.

Basically, Monopoly Capital presents an under-consumptionist theory of capitalist crisis. An increasingly large economic surplus is seen to be generated by advanced capitalism, a surplus for which that made of production is unable to provide profitable outlets. Baran and Sweezy summarize their thesis :

"According to our model, the growth of monopoly generates a strong tendency for surplus to rise without at the same time providing adequate mechanisms of surplus absorption." (19)

The unused surplus that results, they add, finds expression in unemployment and unutilized productive capacity.

On this assumption Baran and Sweezy examine, as potential modes of surplus absorption, capitalist's consumption and investment, expenditure on sales effort, government civilian spending, and on militarism. They conclude that none of these factors, singly or combined, are able to generate investment outlets adequate to advanced capitalism's requirements. Thus :

"The fateful question 'on what?' to which monopoly capitalism confined no answer in the realm of civilian spending has crept subversively into the military establishment itself. From all present indications there is no answer there either." (20)

Capitalism, in other words, is drifting and will continue to drift toward underconsumption and stagnation.

Specifically concerning state civilian expenditure Baran and Sweezy contend that the limits, imposed by the American power structure, had been reached by 1939. The powerful vested interests of the "the oligarchy" impose narrow limits on the scale of expenditure of this type. Public housing, for example, encroaches on private enterprise, as does the extension of public education, education being a crucial support to the structure of privilege and inequality. State welfare expenditure in all forms is, in Baran and Sweezy's account, curtailed by the influence of vested interest groups.

Military spending, by contrast, has expanded rapidly, especially since the 1930's. Armaments are needed both to defend the American "neo-colonial empire" and also "to contain, compress and eventually destroy the rival world socialist system." (21) Such a strategy, moreover, is profitable and therefore acceptable to private enterprise. Baran and Sweezy note two limitations to the indefinite increase of military expenditure, however. In the first place, recent arms technology has reduced the power of such spending to stimulate the economy. An increasingly large amount of money spent in this sector goes to research and engineering expenses, a smaller portion going to actual arms production.

Consequently, fewer people are provided with employment by a given level of military spending and its effect on investment is relatively smaller. Through the stock-piling of modern weaponry, moreover, militarism becomes self-defeating in so far as it becomes a threat to the existence of the system it is intended to serve. Militarism, like government civilian spending, thus offers no solution to capitalism's troublesome rising surplus.

Historically, Baran and Sweezy suggest, the two factors of "epoch-making" innovations which transform the pattern of the entire economy and thus create large new outlets for capital investment, and war, a "normal" feature of the present century, have served as counteracting forces to capitalism's stagnationist tendencies. (22) In the post-war context, Baran and Sweezy point to the particular factors of capital replacement, high military expenditure, a second wave of "automobilization" and suburbanization, and the rapid growth of consumer and mortgage credit in creating investment opportunities. With the growth of unemployment, the increased pace of automation and the limits of military spending apparently reached, however, they suggest that "the future of the United States economy hardly looks bright." (23)

The basic theoretical contention underlying Monopoly Capital that a law of rising surplus has replaced the tendency for the rate of profit to fall, is questionable, however. Baran and Sweezy suggest that the modern corporation,

unlike its earlier competitive form, is not only less prone to take risks in its economic activities but is even characterized by an attitude of "live and let live". Both these qualities, they claim, derive from the internal structure of the firm itself. Baran and Sweezy thus identify as distinguishing features of the new type of business enterprise its relatively long-term mode of operation and its more "rational" methods of calculation. (24) Economic uncertainty, that is to say, is progressively removed with the consolidation of the corporate structure characteristic of monopoly capitalism.

J.M. Gillman, although unlike Baran and Sweezy maintaining the use of the Marxist categories of value as opposed to the less specific concept of "surplus", reaches similar conclusions in his study of American capitalism Prosperity in Crisis. Capitalism's cyclical movement of booms and depressions, Gillman argues, derives from the emergence of a social surplus which is unable to be absorbed in the expansion of productive assets on a continuing basis. (25) For Gillman the capitalist tendency toward overproductions finds expression

"in the form of the overproduction of capital in its initial form - in the form of overproduction of investment funds - in the form of the creation of surplus wealth together with surplus people." (26)

If savings from the current level of output are not invested or disposed of through, for example, unproductive expenditures, the system not only fails to expand but fails also to maintain existing levels of production and employment. Since the 1930's, Gillman specifies, military and other forms of unproductive expenditure and employment have moderated the effects of the recessionary periods. The general tendency toward the relative overproduction of investment funds, nevertheless, is identified as "the essence of secular stagnation of advanced capitalism." (27) As with Baran and Sweezy, uninvestable profits, rather than an inability to realize an adequate rate of return from the existant mass of social capital, is for Gillman the source of capitalist crisis.

In his earlier statistical attempt to calculate the rate of profit in the United States over an extended period (28) , Gillman redefines the organic composition of capital, or the ratio of the value of constant capital to that of variable capital, in such a way as to include unproductive expenditure in the constant portion of total capital. On the basis of this redefinition he reports a falling rate of profit, its effect being a drift toward economic stagnation. In Prosperity in Crisis Gillman does not repeat these calculations. Rather, his concern is to directly examine the mechanisms of surplus absorption and unproductive expenditure and to indicate their limits.

Specifically, Gillman is concerned with government expenditure, "the ultimate of the Keynesian anti-depressinn weapons." (29) Military spending, he suggests, is not a long-term solution to the problem of excess investment funds. Mainly unproductive, such expenditures consume economic surplus without replacing it. Rather than adding to productive capacity they thus "conceal the conditions which constitute an economic crisis". (30) Increased social consumption in the form of welfare expenditure is excluded because of the strength of capitalist opposition. As Baran and Sweezy also argue, Gillman suggests :

"Whereas capital will permit itself to be taxed for the purpose of the military, it will not tolerate taxation of the same magnitude for the social welfare." (31)

The perceived extravagance of welfare spending thus raises powerful capitalist opposition to its increase. An increase in the level of personal consumption, through such means as higher wages, on the other hand, is unsatisfactory for capital because of its tendency to raise the value of labour power and undermine profitability. (32) Even if successful, Gillman adds, such policies, placing material prosperity above profitability as a priority, would result in inflation.

Finding no permanent productive outlet for advanced capitalism's surplus investment funds, Gillman, identifies the particular source of contemporary capitalism's overproduction of surplus wealth in the structure of monopolistic enterprise. With the growth of monopoly, he contends, come "new radically different economic problems." (33) Monopoly corporations' command over financial, material and technological resources, an important aspect of what Baran and Sweezy term their more "rational" methods of calculation, enable them to produce an ever-increasing mass of both goods and profits which the restricted consumers' markets and the new capital outlets respectively cannot absorb on a continuing basis. In addition, advanced industrial technology, being both labour saving and capital saving, is unable to absorb profits on the scale that it can produce them. Gillman concludes :

"This means that under large - scale business organization and management the economy's profit-producing potentials are greater than its profit-consuming potentials. Profits then fail to get invested and production and employment fall to lower investment levels."

As in Baran and Sweezy's thesis, that is to say, Gillman suggests that accumulation falters when an excess rather than a dearth of profits, or "surplus"

in the former's terminology, is produced. In both studies, this tendency is exacerbated by the monopolistic features of advanced capitalism and its typical corporate forms. Both, however, misconstrue the nature as well as the extent of competition in contemporary capitalism, in the United States and internationally. Baran and Sweezy, we have seen, characterize monopoly capitalism in terms of a "live and let live" attitude. While Gillman's analysis of restricted markets and capital outlets implies a potential competitive struggle, it is predicted upon and subordinate to his central thesis of excess profits.

The degree or intensity of competition in the capitalist economy, however, is typically determined by and dependent upon wider factors than the internal structure and capacity of the individual enterprise, in particular, the prevailing rates of profitability and of expansion of the market. During the early and mid - 1960's, when both Gillman's and Baran and Sweezy's studies were written, both production and the world market were still expanding, thus helping to cushion the effects of declining profitability in America and internationally. In the long-term, however, declining profitability is the primary stimulus to the type of cost-cutting and increased "rationality" through savings and economies of scale, or capital concentration, that has distinguished capitalism in the post-war period. A recent study

by Nordhaus charts the decline in the rate of profit, adjusted for stock appreciation, in the United States as follows :-

YEAR	PRE-TAX (per cent)	POST-TAX (per cent)
1948-50	16.2	8.6
1951-55	14.3	6.4
1956-60	12.2	6.2
1961-65	14.1	8.3
1966-70	12.9	7.7
1970	9.1	5.3
1971	9.6	5.7
1972	9.9	5.6
1973	10.5	5.4

(34)

Post-tax profitability in the United States thus fell by over a third between 1948-50 and 1973. In a later section we will document in detail a similar decline in British corporate profits. (35) The international squeeze on profitability has necessitated further technical development of the type described by Gillman and Baran and Sweezy, as well as increasingly competitive international goods and capital movements and restrictions.

Both Baran and Sweezy's conception of a "rising surplus" and Gillman's notion of "surplus wealth" are not, in themselves, incompatible with a falling rate of profit. Marx emphasized that a falling rate and

a rising mass of profits are twin developments, the latter deriving from the growing social productivity of labour with the growing mass of total capital employed. (36) By giving primacy to this rising mass of profits, however, both studies are, in effect, leading society backwards, perceiving the consequences of a falling rate of profit and the resulting attempts by individual capitalist enterprises to counteract the decline by cutting costs and applying competitive, advanced technology, as the basis of a different historical tendency exacerbated by monopoly capitalism.

P.M. Sweezy, in an earlier work, pointed out that monopoly does not in itself increase the total value produced by the labour force. Monopoly profits, in so far as they are higher than the average rate of profit, must, he deduced, be drawn from the incomes of other members of society.

"The extra profit is a deduction from the surplus value of other capitalists or it is a deduction from the wages of the working class." (37)

Discussing the rate of profit, Sweezy suggests that Marx's "law" assumes that the rate of exploitation, or of surplus value, remains constant while the organic composition of capital rises. (38) Now while Marx, in formally presenting his thesis of the falling rate of profit did, for expository reasons, simplify his model by assuming a constant rate of surplus value, he did not maintain that this need necessarily be the case in all empirical instances. He points out, for example, that "a rising rate of profit may correspond to a falling or rising rate of surplus value". (39) What Marx did in fact contend was that the rate of surplus value would rise slower than the organic composition of capital, at a rate inadequate to offset the fall in the rate of profit. Nordhaus's calculations, reproduced above, suggest that this has been the case in the United States during the post-war period.

While not denying the existence of the tendency identified by Marx, Sweezy suggests that theoretical consideration alone cannot resolve the issue of the "law" of falling profits. He speculates that monopoly will tend to depress the average rate of profit, but insists that a consideration of actual empirical movements in profitability is essential, the formula for the rate of profit being in itself indeterminate. (40) In Monopoly Capital, however, Baron and Sweezy do not undertake such an analysis, being concerned instead with the dynamics of a growing mass of economic "surplus".

Data such as that reported by Nordhaus for the United States indicates a falling rate of profit, a decline posing acute problems for the continuation of investment with prevailing rate of exploitation. Investment, that is to say, is threatened by a paucity rather than an over-abundance of profits in proportion to the mass of existent, functioning capital. The model of the state form characteristic of advanced capitalism as a potential, if inadequate, agency to productively dispose of excess profitability assumes, by contrast, that the characteristic crisis of capitalism is one of under consumption rather than under-production of profits. As such it is based on a misleading conception of the dynamics of capitalist accumulation.

The thesis of the "permanent arms economy", by contrast to the Gillman-Baran and Sweezy theory of uninvestable surplus, offers and analysis of advanced capitalism which suggests that certain changes in its economic structure have guaranteed it a relative stability. Variants within this perspective differentially emphasize this dimension of stability, but their common assumptions allow us to consider them as different forms of a common thesis.

An early formulation of the "permanent arms economy" thesis was formulated by T. Cliff in 1957, although similar analyses had been made earlier, most notably by T. Vance in the American journal The New Internationalist. (41) Formative to the theory, however, were some elements of

Rosa Luxemburg's analysis of militarism and its implications for extended capital accumulation. Luxemburg's analysis of capitalism, presented in The Accumulation of Capital (42), purported to demonstrate that there are economic limits to that system's historical development beyond which its collapse would follow inevitably, "as an objective historical necessity". Luxemburg's analysis did not in fact anticipate such a collapse, the seizure of power by the organized working class being decisive in her projection of actual capitalist development. (43) Abstracting political factors from the course of capitalist development, however, her prediction of economic breakdown rested on the assumption that accumulation requires access to both the markets and raw materials of a non-capitalist environment, while at the same time its imperialistic expansion undermines that relationship by progressively incorporating peripheral areas into the capitalist system. (44) This Luxemburg saw to be the mechanism whereby capitalism, abstracted from the political consequences of the class struggle, historically becomes its own grave-digger.

Luxemburg conceived militarism to be an, albeit short term, counteracting influence to capitalism's development toward breakdown. She attempted to outline militarism's function in capitalist history, pointing to its decisive role in the process of primary accumulation as a means to conquer the New World and India, its later use to enforce the subjection of colonies, and its use as a weapon in the competitive struggle between capitalist

countries for areas of non-capitalist civilization. For Luxemburg, in other words, militarism is crucial to the imperialist stage of capitalism. She further suggests :

"In addition, militarism has yet another important function. From the purely economic point of view, it is a pre-eminent means for the realisation of surplus value; it is in itself a province of accumulation." (45)

Arms production, Luxemburg continued, is financed mainly from taxes which, falling mainly on the industrial working class and the peasantry, reduce their real purchasing power and thus constitute a mechanism of "forced saving". (46) In this way militarism serves as a means to realise surplus value or profits over and above the capacity of the unaided capitalist market, at the same time promoting accumulation by lowering the share of the aggregate social product accruing to labour. The problems of accumulation and surplus absorption thus, for Luxemburg, find a temporary solution in the form of armaments production.

T. Cliff's early and seminal work on the "permanent war economy" (47) incorporates a similar interpretation of the boost to accumulation deriving from military expenditure. The permanent war economy, he suggests, stabilizes over-producing capitalism, since the new

state demand for armaments and related products, together with the increased purchasing power of those employed in armaments industries, provides "greater openings for capital investment". (48)

The "permanent arms economy" thesis is not, however, essentially a theory of state expenditure as such. Thus a sympathetic reviewer of M. Kidron's Western Capitalism Since the War, the most elaborated version of this theory to date, points out that the growth of state planning and management "has lost much of its plausibility" and that these forms of interventionism "are probably, on balance, a destabilising factor for the Western economy as a whole. (49) Kidron himself, moreover, suggests that too much productive expenditure by the state would on the one hand constitute an invasion of the individual capitalist's preserve and as such would be opposed by him, and on the other lead to a rise in the organic composition of capital, eventually lowering the average rate of profit to a level incompatible with further accumulation. (50)

The question of the relation between arms expenditure and accumulation will be central to our critique of Kidron's thesis. The immediate point, however, is that in Kidron's model actual state expenditure on armaments is not the crucial factor. Rather, its importance lies in the function of that expenditure within the economic processes which determine the rate of profit within the economy as a whole.

Nevertheless, arms production clearly relates to and, in its present form, assumes and is unconceivable without the political and economic structure of the specifically capitalist state, the state having a monopoly of legitimate coercive power within its "own" territory. For this reason we are including it alongside our discussion of the under consumptionist model of the state, the theory of the state implied by the permanent arms economy thesis resting on a "special" conception of surplus absorption.

Kidron, as indicated, has formulated the most elaborate version of the permanent arms economy theory. His initial problematic is the pattern of relative stability in post-1945 Western capitalism.

"The loop itself needs to be explained. In the thirties it was one of unemployment-stagnation-instability; now it is one of high employment-growth-stability." (51)

Central to Kidron's explanation of this changed pattern of capitalist development is the contention that arms production both reduces unemployment and creates outlets for investment, thus constituting a stabilizing force in the economy. The other side of this stability, however, is the increasingly anarchic relations between capitalist nations.

"The distinction grows sharper between the national economy in which competition is heteronomous, one method of attaining goals set by international competition, and the international economy where primordial competition still holds." (52)

Kidron sees the consequence to be an international scenario of "Oligopolistic competition between whole economies." Within individual national capitalist economies, however, the pattern to be accounted for is one of relative stability and relatively even growth. The section of Kidron's study devoted to "Explanations" describes the growth of the state sector as an essentially ad hoc response to a series of short-term problems. (53) After the Second World War the first task for Western Europe was to restore the conditions of general disruption and devastation. Especially important was the modernization of the basic transport and energy services on which economic recovery depended. The need to coordinate these services on a national basis provided the impulse for the first post-war wave of nationalizations. Other factors mentioned by Kidron include the enactment of welfare legislation to stem the left-ward tide of popular opinion and the requirements for planning in the ever-larger private enterprises. Kidron's principal thesis, however, concerns the stabilizing effects of specifically military production. To quote :

"The impact of arms expenditure on stability and investment is no less direct. It is heavily concentrated in the capital goods industries which are responsible for the big savings in the traditional business cycle. It provides a floor to the downswings and has in the U.S., been deliberately used in this way." (54)

Kidron's explanation of the perceived relation between arms expenditure and economic stability centres on what terms "leaks" in the process of capitalist production. The output of military spending, he suggests, consists of luxury goods which contribute neither to the expansion of the means of production nor the means of consumption and which consequently do not affect the rate of profit. Kidron cites the work of von Bortkiewicz and Straffa, purporting to show that the capital-labour ratio in such sectors of the economy plays no part in determining the rate of profit and, more generally, the workings of the system as a whole. Uncritically reporting these contentions, he summarizes

"Seen from the angle of the system, that is of pure theory, arms production is the key, and seemingly permanent, offset to the 'tendency of the rate of profit to fall?'" (55)

Essentially the same thesis has been formulated in a different context by P.M. Sweezy. If, Sweezy suggests, the organic composition of capital in Department Three (luxury goods for consumption) rise, while it remains constant in the other sectors of the economy "the rate of profit remains unaffected". (56) Commodities effectively pass out from the production process do not, that is to say, influence the average rate of profit.

A systematic analysis of the relation between luxury goods production and accumulation, and its implications for profitability and thus extended accumulation is, however, missing from this account. This problematic is, we will suggest, crucial to the validity of Kidron's analysis of contemporary capitalism, as it is to the earlier formulations of Luxemburg and Cliff.

In the first place, Luxemburg's analysis of militarism, as we have seen, depicted arms production as a province of accumulation, financed by "forced savings" imposed on the working class mainly through the mechanism of taxation. Now accumulation, from the Marxist perspective which Luxemburg and the later "permanent arms economy" theorists purport to adopt, is the process whereby surplus value generated in specifically capitalist production is "realized" in the form of capital which functions for further rounds of production. (57) In the case of armaments, however, their particular qualities as use-values, or objects of utility, prevent their reconversion into capital except in cases where they are sold to overseas buyers as commodities. In such circumstances the

purchaser exchanges them for value in its money from which, unlike that of the domestic state, does not constitute a deduction from the profitability of the particular national capital, although it continues to imply a destruction of values within capitalism as a global system. Luxemburg's twin-proposition that militarism is both a field of accumulation and financed primarily by taxation obscures the "drain" on surplus-value that the purchase of arms by the domestic state entails. Taxation for military spending may, as Luxemburg implies, serve in empirical instances, to lower the costs of the reproduction of labour-power, or its value, and thus increase the rate of profit. Nevertheless, whether its proximate source is a deduction from working class wages or from profits, the channeling of surplus-value into armaments where, with the exception mentioned, the output is unusable for further rounds of production within a national capital formation, represents a check to the process of extended accumulation. To designate militarism as a province of accumulation, in other words, is misleading if its implications for the prospects of continuing extended accumulation are not taken into account.

Kidron's basically two-factor schema contends that if the organic composition of capital can be kept at a relatively low rate of increase by not investing productively, that is by not realizing surplus-value as capital, the fall in the rate of

profit will be correspondingly slowed down. Extended accumulation, however, is conditional precisely upon an adequate level of productive investment, in so far as it accompanies and is dependent on the growing social productivity of labour. As Marx points out

"With the development of the capitalist mode of production.... the rate of profit falls while its mass increases with the growing mass of the capital employed. (my emphasis - D.B.)." (58)

With insufficient productive investment, on the other hand, the result will be a downward pressure on the rising mass of profits, eventually finding expression in stagnating capital accumulation. As Mattick points out, "A non-accumulating capital...is a capital in crisis." (59) It is only through the expansion of capital that market demand, which may be sustained in the short-or medium-term through state arms purchases, suffices for the realization of profits made in production. If profitability is not to suffer, arms production, when orientated toward the domestic market, requires a proportionate increase of relative surplus value, derived from technical developments which reduce necessary labour time, or that time required for the worker to produce the value-equivalent of his own existence, within the capitalist economy as a whole. Consequently, to offset the brake imposed on accumulation imposed by arms production the rate of surplus value must be raised, primarily through the extraction of relative-surplus-value, thus raising the technical and

at the same time the organic compositions of capital and further encroaching on the rate of profit, the regulator of accumulation. (60)

The relationship between state armaments expenditure and accumulation that we have outlined assumes a particular interpretation of the categories of productive and unproductive labour. In Capital Marx used two dimensions of the category productive labour, the exchange of labour against capital and the assumed resulting augmenting of capital, interchangeably. Thus he wrote :

"The worker does not produce for himself, but for capital. No longer, therefore, does it suffice that he should simply produce. He must produce surplus value. Only that worker is now 'productive' who produces surplus value for the capitalist, and thus promotes the self-expansion of capital." (61)

Marx thus noted the distinction between the two criteria but, as Kidron points out (62) did not feel it necessary to expand on it and incorporate it into the corpus of his work. When, however, substantial sectors of the labour force are employed in such a way that the surplus-value they produce does not augment total social capital through absorption into further accumulation, the distinction becomes crucial.

I. Gough has suggested that the second criterion, the production of values which are materially incorporated into further rounds of reproduction, is "un-Marxist" in so far as it relates to the use-value aspect of commodities. (63) When considering the process of extended reproduction in advanced capitalism, however, this aspect of production becomes especially relevant. Extended reproduction requires that an adequate portion of surplus-value is realized as capital to more than maintain the total mass of existant capital. Consequently the formal criterion of the production of surplus-value alone is inadequate for a definition of productive labour in relation to total social capital. As P. Bullock has observed :

"To determine which concrete labour is productive or not requires fore-most that the analysis of total social capital and the consideration of the effects of the bodily forms of the products in the reproduction process." (64)

The criteria of productive labour in relation to extended accumulation for total social capital must, consequently, go beyond what Marx in the Theories of Surplus Value, drawing from Adam Smith, designates it's "correct" definition.

"Productive labour, in its meaning for capitalist production, is wage-labour which, exchanged against the variable part of capital (the part of capital that is spent on wages), reproduces not only this part of the capital (or the value of its own labour-power), but in addition produces surplus-value for the capitalist." (65)

As against productive labour, which is exchanged against capital and produces surplus-value for the capitalist, Marx specifies unproductive labour to be that exchanged directly with revenue, that is with wages or profit. (66) This interpretation, however, considers the relations between capital and labour in an atomized way, in so far as particular capital-labour transactions are not located in the movement of social capital as a whole. It is, essentially ahistorical, glimpsing a single moment of the total process of reproduction, that of the exploitative transaction at the point of production.

Marx was well aware that the production of luxury goods for consumption, neither augmenting constant capital nor contributing to the reproduction of labour-power, does affect the overall rate of profit. Specifically, he points out that it "enters into the equalisation process of the general profit rate." (67) When Marx was writing the scale of such production did not constitute an empirical challenge to Marx's effective merger of the two criteria for productive labour. The large unproductive,

in terms of the self-expansion of capital, sector that exists in the contemporary developed capitalist society necessitates the distinction, however.

The fully elaborated definition of productive labour which accounts for luxury goods production, such as that on armaments, has been formulated by J.M. Gillman as follows :

"To be productive.....a worker, must (a) produce surplus value in the course of (b) transforming labour-power and material capital into material commodities and productive services which (c) can enter into a new cycle of production of the means of production or means of consumption." (68)

Only the incorporation of the material end of commodities into a definition of productive labour, as in Gillman's formulation, is adequate for an analysis of armaments production. Kidron, by contrast, while recognizing that the products pass out of the reproduction cycle, ignores the consequences of that destruction of value for the process of accumulation as a whole.

Now while clarification of the concept "productive labour" is essential for a general evaluation of the nature of armaments production in capitalist society, the actual form of its economic effects requires a consideration of the money-form of capital, an aspect of the circulation of capital that highlights Kidron's failure to relate luxury goods production to the cycle of extended accumulation. (69) The primary function of money within the capitalist economy is to serve

as "a general equivalent among commodities at large." (70) Only when one commodity is set apart from commodities in general is it possible to equate their values, determined by the average socially necessary labour-time required to produce them, this process of comparison being a necessary process in the regulation of production and commerce in exchange-based societies. In The Grundrisse Marx identifies the four principal properties of money as measure of commodity exchange, medium of exchange, representative of commodities, and general commodity alongside particular commodities. All these properties, he adds "follow simply from its character as exchange value separated from commodities themselves and objectified."

(71) Money, that is to say, is exchange value in its highest form, materially separated from the objects of utility or use-values that it mediates in exchange. In principle exchangeable for any commodity or human skill, Marx observes in the Economic and Philosophic Manuscripts that

"it therefore serves to exchange every property for every other, even contradictory, property and object: it is the fraternization of impossibilities. It makes contradictions embrace." (72)

The exchange of commodities that is essential to a society with a developed division of labour is inseparable from the objectification of value in the money form.

Money, the consummate form of exchange value in commodity society, constitutes, that is to say, the objective form of the social characteristics of labour, "the alienated ability of mankind". (73) Its quality of objectified labour-time is shared with all commodities. Money's distinguishing property, however, is its physical disembodiment from the use-values that it mediates in exchange. The general measure of value, of "abstract" or general labour power, it is the necessary condition of the circulation of commodities. The circulation of commodities, in turn, is a necessary condition of capitalist production. The capitalist exchanges money for commodities (M-C) on the commodity-and labour-market. Having transformed them in the process of production (P) into a commodity of higher value than that of the original elements, he returns to the market to sell or exchange the new commodity for an increased sum of money with which to resume the process on an extended scale (C'-M'). The whole process, represented by the formula M-C... P...C'-M' (74) is thus mediated by the money-form of capital at every stage of exchange. Without such a mechanism of exchange commodity production and circulation would be impossible.

Now as Kidron points out, the increase in armaments expenditure constitutes "a permanent unproductive capital drain from the system". Its end-products, that is to say, are not reconstituted in the production process. Nevertheless, they are produced for profits by the individual capitalist enterprises involved, and as such represent claims

on the surplus-value produced by total social capital. This applies to armaments as to all sectors which produce luxury or, from the viewpoint of the production system, "waste" goods. The corollary of the expansion of such unproductive labour as a proportion of total social productivity has been the depreciation of the value of money, or monetary inflation. In particular, state expenditure on armaments, whether financed by taxation or by the increased printing of nominal money, entails, through sustaining unproductive enterprise, a deduction from the total mass of surplus-value derived from productive labour. The costs of armaments production are consequently distributed over society in the form of increasing prices, the expression of an excess of claims to profits in relation to realized surplus value.

We are not, of course, suggesting that the state is the only source of inflation in capitalist society. Rather, the scale of unproductive expenditure that is to a large extent sustained by the state creates the structural conditions within which permanent inflation, the divergence of prices from values with the depreciation of money, becomes, without a corresponding rise in the rate of surplus-value, unavoidable. While Kidron identifies military spending as one among a number of sources of inflation, he does not attempt to incorporate this almost incidental recognition of monetary depreciation into an analysis of capital accumulation and reproduction. Instead he is particularly concerned with the price-fixing tactics of the large capitalist enterprises. (75) What is missing in Kidron's account is an explanation of how the inflationary bias derives from the workings of the

capitalist system. In addition to the tendency for the rate of profit to fall with the progressively diminishing role of labour power, the source of all new value, in the production process, an excess of "fictitious" claims to capital builds up in relation to the amount of surplus-value produced by specifically "productive" labour-power, monetary inflation being a persistent expression of this essentially social disproportion. Corporate price-fixing and other rationalizing tactics pursued through "the economy of the plant" (76), practices discussed at considerable length, as we have seen, by Baran and Sweezy, in the main represent a response to pressured profits, which in turn derive from long-term tendencies in the movement of total social capital. Kidron's empiricist account of inflationary corporate price-fixing, in summary, is inseparable from his failure to systematically relate the growth of unproductive expenditure, in particular that on armaments, to its effects on total social profitability and, through that, to the implications of increasing luxury goods production for future accumulation.

Elsewhere Kidron explicitly attempts to relate his thesis of the "permanent arms economy" to that of the falling rate of profit. In World Crisis, for example, he presents the outlines of the theory of the falling rate of profit and then examines, from a historical viewpoint, various "leaks" from the hypothetical "closed" capitalist system, leaks which have served to counteract

the decline in profitability and moderate otherwise severe slumps. For the 30 or 40 years prior to the 1914-18 war, he suggests, imperialism constituted such a leak. Since most overseas investment entailed further accumulation, however, thus renewing the need to "drain away" capital, it could only offset the rising organic composition of capital for a limited time. Specifically, Kidron contends that arms production replaced imperialism as the dominant means of offsetting the falling rate of profit.

"The drain provided by arms budgets since World War Two has constituted a far more effective mechanism for stabilising the system than classical imperialism ever could, for it has involved a systematic destruction of values, not a relocation of their use, and it has acted in integrating the system far more effectively than any form of expenditure." (77)

This formal coupling of the "leak" thesis with that of the falling rate of profit does nothing, however, to resolve the central problematic of Kidron's work, the contention that arms production constitutes a sector of luxury goods production which, while providing a means for the destruction of values, does not affect the rate of profit. An excess of claims to profits resulting from luxury goods production, again, represents an effective tax on total social profitability, a tax with clear implications for total social capital.

If the "permanent arms economy" thesis did provide a correct theoretical explanation of the relative post-war stability of Western capitalism, we would expect a rapid cut-back in arms expenditure in any national economy to be reflected in a re-ermengence of the tendency for the rate of profit to fall. An ideal test case is Britain in the years immediately following the Second World War, when total defence expenditure fell from around 40 per cent to about 20 per cent of total national spending. The early 1950's did not show the decline in profitability that the theory would predict, however. During 1950-54 the post-tax rate of profit for industrial and commercial countries was 6-7 per cent, rising to 7.0 per cent by 1955-9, substantially higher than that for the years of chronic decline from the mid-1960's onward. (78) Throughout the capitalist world as a whole, moreover, there is a lack of correlation between the decline in profits during the 1960's and the military cut-backs that occurred in the previous decade. (79) By purely empirical criteria, that is to say, Kidron's abstraction of armaments expenditure from its implications for the profitability of total social capital does not correspond to the post-war capitalist experience.

Equally abstracted is Kidron's account of the relation between arms production and the realm of international politics. Arms expenditure, for Kidron, while guaranteeing relative stability within particular national economies,

at the same time exacerbates a competitive international arms race through a domino effect. (80) The anarchic international tendencies associated with specifically military production, that is to say, are deduced from its domestically stabilizing effects. Post-war re-armaments is, however, inseparable from the international context of the Cold War, a global confrontation of rival political systems. Kidron goes so far as to suggest that "the initial plunge into a permanent arms economy was random". (81) Historically, however, the heavy concentration on arms production in the capitalist world developed from the competitive build-up to the 1939-45 War, and in the ensuing period was sustained by the challenge of the non-capitalist bloc, in particular the Soviet Union and the Eastern European countries. With the development of the Cold War, as S. Pollard has pointed out, "the economic prosperity of the West suddenly acquired strategic significance for the U.S.A." The response of the United States was Marshall Aid. The aid programme tapered off during the early 1950's but by then, as Pollard notes, "had fulfilled its main function of carrying Europe over its critical deficit years." (82)

The process by which Kidron obscures the political context and source of the "permanent arms economy" is parallel to his abstraction of luxury goods expenditure from its consequences for profitability and accumulation. The stability he postulates is tenuous in the extreme, based on an erroneous conception of the relation between unproductive expenditure, the state, and accumulation. Kidron perceives the permanent

arms economy to be vulnerable, but for reasons not associated with the problems it poses for accumulation. In addition to exacerbating the anarchic international relations between capitalist countries, he suggests that its stability is challenged by domestic class struggle. Kidron points to the post-war tendency for strikes to become increasingly removed from the institutional patterns of traditional trade union practice, a tendency finding expression in workers' "drive to control" as epitomized by the growth of workplace committees. The contention that such developments constitute a challenge to the capitalist system rest on Kidron's assumption that "mass reformism of this sort is liable to be suffused with revolutionary purpose". (83) A more or less autonomous political voluntarism, detached from the conditions and problems of capital accumulation thus becomes, for Kidron, the agency of the abolition of capitalism. We are not positing as against Kidron a mechanical relationship between developments in the productive infrastructure and the emergence of the type of "revolutionary purpose" of which he speaks. Nevertheless, conditions of capitalist expansion and relative prosperity are clearly less conducive to the development of overtly revolutionary, or even, militant economic movements than those of economic stagnation or contraction. In post-war Britain, the intensification of the economic struggle over wages and conditions developed rapidly during the mid-1960's, when real wage and salary incomes began to stagnate in a context of

declining profitability. (84) While the pattern of class relations at any given time cannot be simply and mechanistically reduced to developments in the economic sphere, it would be equally misleading to abstract them from prevailing trends in profitability and accumulation, and the perception of them and their effects on living standards by social actors. This, however, is the logic of Kidron's observations on the transition from reformism to revolutionary aspiration in post-war capitalism.

Kidron himself, in summary, recognizes the growth of the unproductive sector in developed capitalist society. Thus, in Waste U.S. 1970 he writes :

"Millions of workers employed directly by capital produce goods and services which it cannot use for further expansion under any conceivable circumstances." (85)

Armaments manufacture constitutes precisely such a sector in the capitalist economy. Kidron's thesis that arms production offsets the falling rate of profit by providing a "leak" for surplus capital, the "productive" employment of which would engender a rise in the organic composition of capital, is misconceived however. Rather, through producing excess claims for profits, while at the same time undermining the process of accumulation, the condition and mechanism of the generation of those profits, it compounds and intensifies the structural difficulties of a capitalism already pressured by a

rising organic composition of capital. The destruction of values that it entails, that is to say, cannot be separated from its effects on profitability, the dominant form of which in the first three decades of the post-war period has been inflation. The particular form of state-sustained demand examined by the "permanent arms economy" thesis, in other words, is primarily a force toward instability rather than stability.

Both the analyses of Gillman and Baran and Sweezy and the thesis of the "permanent arms economy" imply a model of the advanced capitalist state emphasizing its function as a means by which an otherwise uninvestable or destabilizing surplus, a surplus of productive capital in the latter case, is disposed. For Baran and Sweezy the major problem of monopoly capitalism is a lack of investment outlets for the rising mass of economic "surplus". Gillman, identifying the source of capitalism's tendency toward stagnation in a surplus of capital in the form of investment funds, reaches similar conclusions. Kidron's analysis, more "optimistic" from the point of view of capital, sees largely state-sustained unproductive expenditure on luxury goods, and particularly on armaments, to be a factor adequately offsetting the rise in the organic composition of capital as a whole.

Both the Baran and Sweezy-Gillman and the Kidron theses, however, effectively abstract their analyses from the reproduction of total social capital. Baran and Sweezy, like Gillman, account for tactics such as

price-cutting and the increasing corporate emphasis on economy of scale and the "rational" production of profits in terms of the internal structure and external opportunities of the monopolistic corporation itself, rather than of the problems associated with profitability and therefore accumulation which impose such a response on individual capital units. Kidron, on the other hand, overlooks or misconstrues the implications of an increasingly large sector of unproductive expenditure for total social profitability.

Although they evaluate the likelihood of a viable resultant economic stability differentially, both theses are primarily concerned with the state as a social organ which can raise "effective demand" in an attempt to overcome the tendency toward economic stagnation on the one hand and that for the rate of profit to fall on the other. This interpretation of state interventionism, together with the common abstraction of these practices from the actual cycle of capital reproduction, undermines their respective attempts to formulate a consistent and systematic theory of state economic policy in late capitalism. To present the outlines of such a theory was our concern in assessing Poulantzas' analysis of the capitalist state. The model formulated there will be applied in our analysis of the political economy of Britain in the post-war period.

ARMS AND THE STATE : A NEW STABILITY ?

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58. K. Marx(1959), 243
59. P. Mattick(1968), 34
60. The relationship between the extraction of relative surplus-value is taken up again in "Political Economy and the British State", Section VII in a discussion of M. Itoh's analysis of the Marxist theory of crisis.
61. K. Marx(1972b), 552
62. M. Kidron. "Waste U.S. 1970"(in 1974), 36-8
63. I. Gough(1972)
64. P. Bullock(1974), 2
65. K. Marx(1969), 152
66. Ibid, 157
67. K. Marx(1972c), 350
68. J. Gillman(1965), 23
69. We examine the specific inflationary bias of the post-war British economy in "Political Economy and the British State." Our concern here is to elaborate and clarify the source

and implications of the "permanent arms economy" theory's inability to identify the relation between luxury goods production and accumulation.

70. K. Marx(1972b), 42.
71. K. Marx(1973b), 146
72. K. Marx(1973d), 169.
73. K. Marx(1973b), 168
74. K. Marx(1967b), 25
75. M. Kidron(1970), 67-8
76. A. Sohn-Rethel(1972)
77. M. Kidron(1971), 212
78. A. Glyn and S. Sutcliffe(1972), 66
79. D. Purdy(1973), 21-2
80. M. Kidron(1970), 56
81. Ibid., 58
82. S. Pollard(1969), 361
83. M. Kidron(1970), 146
84. See "Political Economy and the British State".
85. M. Kidron(1974), 38.

IV RALPH MILIBAND AND MARXISM.

Ralph Miliband is a well-established figure in the field of socialist scholarship. (1) His reputation alone demands that his recent work The State in Capitalist Society receives the serious attention of anyone with an interest in this area. What Miliband attempts in this book is an examination of "the nature and role of the state in what are often referred to as 'advanced capitalist societies'". (2) The social significance of the state, he observes, is now greater than ever before. Yet at the same time, by a "remarkable paradox", it has become "unfashionable" as a subject of political analysis. Miliband's intention is to challenge theories such as those of "elites", "counterveiling power", and especially "democratic pluralism", which maintains that power in contemporary Western societies is competitive, fragmented and diffuse. Against these ideologies he poses "the challenge of Marxism". (3) Apart from Gramsci, however, he suggests that Marxists since Lenin have for the most part been content to repeat the formulae of the classic Marxist revolutionary works, without a consideration of the concrete reality of present-day capitalist societies. "The State in Capitalist Society" is an attempt to contribute to the study of this particular area.

Miliband sets out to analyse the state structure of societies which, in his own words, lend themselves

to "a general political sociology of advanced capitalism."

(4) He seeks to demonstrate that the agents of private economic power are also the holders of state power and thus constitute "an authentic ruling class". In order to do this Miliband considers questions such as the relationship between elites and classes, the purpose and role of governments, and the process of the legitimation of class rule.

Miliband discusses developments in the capitalist world including the emergence of giant, trans-national corporations and the growth of the public sector. Then, drawing from recent empirical studies of the distribution of wealth and property, the class bias in educational opportunity and the process of elite recruitment, he concludes that while advanced capitalist societies are characterized by the existence of a plurality of economic elites, these elites constitute a hegemonic bloc,

"a dominant economic class, possessed of a high degree of cohesion and solidarity, with common interests and common purposes which far transcend their specific differences and disagreements." (5)

Having empirically established the existence of a dominant economic class Miliband poses the question of whether or not this class exercises a decisive degree of political power. Initially he proposes that the

state is not a concrete "thing", but rather a system of interacting institutions on behalf of which the government speaks. Examining the various elements of the state system Miliband identifies the political process of economic management, the administrative and coercive elements responsible for the "management of violence", and the formally independent judiciary. In addition he mentions the Churches and mass media which, while aspects of the political system, are not actually the repositories of state power. The state elite, he observes, is, in relation to such institutions, "a distinct and separate entity." (6)

Presenting empirical evidence from a number of capitalist countries, including Britain, the United States, Germany and Sweden, Miliband concludes that in terms of social origin, education and class situation the key command positions in these societies have been, in the main, filled by members of the property-owning and professional middle classes.

"In an epoch when so much is made of democracy, equality, social mobility, classlessness and the rest, it has remained a basic fact of life in advanced capitalist countries that the vast majority of men and women in these countries has been governed, represented, administered, judged and commanded in war by people drawn from other,

economically and socially superior and relatively distant classes." (7)

Miliband's next section, "The Purpose and Role of Governments", seeks to explain the political dominance of the privileged economic classes. His answer is that political office-holders in capitalist societies never question the basic principles of free-enterprise and private ownership. They share a common "mode of perception" which, despite differences on minor issues, accepts the legitimacy of the capitalist system. Miliband exposes the reformist nature of the mass social-democratic parties by describing their class-collaborationist policies and practices in coalition governments, in the defence of capitalist property relations during the unsettled years after the 1914-18 War, and their characteristic moderation when elected to power with a clear majority, as in Britain after 1945. Even nominally socialist parties, in other words, have supported and even promoted the capitalist system when electorally placed in positions of political power. (8)

Other sectors of the state system, particularly the civil service, the military and the judiciary, are discussed by Miliband, and they serve to reinforce his contention that the possessors of private economic power are, on examination, also the holders of political

power. In addition, two chapters are devoted to the legitimatism of capitalist rule, the process whereby unequal ideological competition reinforces the preservation of the status quo. Churches, the mass media, "safe" academic debate, and the particular ideology of nationalism are singled out for consideration. A composite picture emerges of pervasive political inequality in a context of ever-increasingly concentrated economic power, both legitimized by a complex of dominant ideologies and ideological institutions. Unequal economic power "produces political inequality on a more or less commensurate scale, whatever the constitution may say". (9)

An assessment of Miliband's analysis entails answering two distinct but related questions. Firstly, how successful is it as a theoretical reconstruction of the state structures in advanced capitalist society? Secondly, what method does the author use to arrive at the model he presents? If the method is found to be faulty or one-sided it may be expected that the conclusions will, on at least some points, represent an ideological distortion of the social reality for which it purports to account. Our view is that Miliband fails to identify the dominant and characteristic features of advanced capitalist society and structure his analysis of the state on the basis of them. His thesis assumes the form of sociological and political description, "political sociology" in Miliband's own terms. It is,

first and foremost, an empirical account of the visible structures and institutions that perform state functions in contemporary capitalist societies. What theoretical analysis there is in The State in Capitalist Society displays, for the most part, the very formality and lack of originality for which Miliband criticizes post-Lenin Marxism. Above all, lacking a systematic theoretical overview from which to assess the wealth of empirical material he reports, Miliband's failure to relate his often formally correct impressions to the concrete, historically-specific conditions of contemporary capitalism results in a persistent tendency to overlook the actual significance of the processes and developments which he describes. We will examine particular examples of Miliband's analysis of political structure and process; but will stress at the outset that they all derive from an effective dislocation of the political sphere from the structural system of class relations in the particular conditions of late capitalism. Behind this essentially ahistorical and formalistic analysis stands the descriptive methodology that Miliband adopts.

Miliband, it will be noted, claims in the introductory pages of The State in Capitalist Society that his study is a contribution to the development of "Marxist political analysis". (10) Throughout this book, however, he persistently avoids even implicitly relating his political characterization of contemporary Western society to the basic Marxist categories for the analysis of capitalism in any but the most formal and general way. Miliband

observes that advanced capitalism is

"an atomised system which continues to be marked, which is in fact more than ever marked, by that supreme contradiction of which Marx spoke over a hundred years ago, namely the contradiction between its ever more social character and its enduringly private purpose". (11)

Again he writes :

"the industrial armies of advanced capitalism, whoever their employers may be, continue to function inside organisations whose patterns of authority they had no share of bringing into being, and to the determination of whose policies and purposes they have made no contribution." (12)

Now Marx, in studying and developing political economy, was concerned in the first place to provide a scientific examination of the laws which govern production and distribution under capitalism, its "law of motion". Also, and simultaneously, he demonstrated that these laws, the most basic being the law of value, were not in any way accidental or fortuitous, but are bound up with and inseparable from the social relations of production in commodity, and in particular, capitalist society. In the course of his analysis Marx identified the underlying and

characteristic contradiction of capitalist society to be that, restated by Miliband, between the social nature of the production process and the private or class-structured mode of ownership and appropriation. Among the most important aspects of the development of capitalist society that Marx examined are the concentration and centralization of capital, the increasingly purposive application of scientific technique to production in an attempt to raise the rate of exploitation, the progressively more powerful and "alien" domination of social wealth over living labour, and, above all, the tendency for the rate of profit to fall, which Marx termed "a mystery whose solution has been the goal of all political economy since Adam Smith". (13)

Later Marxists developed this method and perspective by applying it to the changing reality of capitalist society as new or intensified tendencies unfolded and threatened that system with crisis and disruption. Lenin, for example, examined imperialism, what he termed the "highest stage" of capitalism, in terms of the concentration of production through the growth of monopoly, the union of banking and industrial capital with the rise of finance capital, the export of capital, and the division of the world among the capitalist combines and great powers. (14) Trotsky, assessing the likely course of development of European capitalism predicted, in 1928, that :

"..the further inexorable pressure of the United States will reduce capitalist Europe to constantly more limited rations in world economy; and this, of course, implies not a mitigation, but on the contrary, a monstrous sharpening of inter-state relations in Europe accompanied by furious paroxysms of military conflict, for states as well as classes fight even more fiercely for a meagre and a diminishing ration than for a lavish and growing one." (15)

This anticipation of inter-state military confrontations on the continent of Europe, that is to say, was based on an analysis of the global pattern of capitalist development, in particular the rise of the United States as the dominant power on the world market and its implications for the increasingly displaced European economies. 8 years later Trotsky was to characterize the "mission", or social and economic content of the fascist state from which arose in Europe as "The compulsory concentration of all forces and resources of the people in the interests of imperialism." (16) Marxism, including its theory of the state in no sense is, nor ever has been, a finished model from which to

deduce the detailed working-out of the forms of capitalist development. The historical specificity of its subject matter prohibits this. Rather, Marxism, in so far as it fulfills its promise, constitutes the scientific study of the process and forms of the socialization of man, through a succession of modes of production, the objective and historical nature of which is emphasized by Marx's characterization of economic change as "a process of natural history." (17) Perhaps Marx's most memorable single political study, The Eighteenth Brumaire of Louis Bonaparte, examines the régime of Louis Philippe in terms of and on the basis of its reliance on the French peasantry. The poverty, the low division of labour, the low level of technique among the peasantry, Marx observes, were the basis of the apparent independence of the Second Bonaparte's state form.

"In so far as there is merely a local interconnection among these small-holding peasants, and the identity of their interests begets no community, no national bond and no political organisation among them.....they cannot represent themselves, they must be represented." (18)

Thoroughly materialist, Marxism locates human social practice within the context of all the accumulated,

existent productive forces and relations of previous history. "Men make their own history.....but under circumstances directly encountered, given and transmitted from the past." (19) The corollary of this standpoint is that it is only in their historical perspective that the distinctive character of social institutions, processes and practices can be understood.

Miliband's analysis of the capitalist state, by contrast, is formal, ahistorical and partial. While listing such untroversial developments as economic imperialism, the growth of trans-national corporations and the rise of the public sector, Miliband nowhere brings these impressions into perspective to produce a unified, coherent and theoretically adequate model of the development of capitalism and its state form, in particular since the Second World War. His minimal characterization of capitalist production relations is, if formally correct, no substitute for the analysis of the specific conditinnns and features of contemporary capitalism, which is inseparable from Marxism.

Miliband writes :

"The economic and political life of capitalist societies is primarily determined by the relationship, born of the capitalist mode of production, between these two classes - the class which on the one hand owns and controls, and the working class on the other..... In fact, the political process in these societies is mainly about the confrontation of these forces, and is intended to sanction the terms of the relationship between them." (20)

In other words, the capital-labour relationship is the fundamental determining relation of capitalist society. Neither from this in itself highly abstract formulation, nor from his other in the main descriptive observations concerning the production relations of advanced capitalism, however, can or does Miliband structure his analysis of the contemporary state to produce a theoretically consistent construct with real explanatory power. Rather, his method of analysis is essentially positivistic, registering and recording impressions of particular state-systems, without viewing them as aspects or moments of the totality of social relations grounded in the specificity of concrete, historical conditions. Miliband's political sociology and the fragments of Marxist theory to be found in The State in Capitalist Society are mechanically paired rather than organically developed.

The basis of N. Poulantzas' critique of Miliband's analysis of the capitalist state is that the latter does not make explicit the epistemological assumptions with which he works, that his method of procedure is to develop "a direct reply to bourgeois ideologies by the immediate examination of concrete fact." (21) His objection is that Miliband's categories are reducible to a problematic of social actors, at the expense of an analysis of classes and state as objective structures. We would contend Poulantzas' characterization of Miliband's object of analysis to be "concrete fact," however. Another review of The State in Capitalist Society, by Charles Marat, also intended to be a Marxist critique,

assesses it, despite its theoretical weakness, to be "a valuable concrete book." (22) The concept concrete, however, has a specific meaning for Marxism, a meaning which is obscured by effectively assuming it to be identical with empiricist methodology, the more or less rigorous reproduction of the visible forms and properties of a particular object of enquiry. Lenin wrote :

"Every concrete thing, every concrete something, stands in multifarious and often contradictory relations to everything else, ergo it is itself and some other." (23)

The concrete, that is to say, lies in and constitutes the essentially relational properties of any particular "thing", that is its organic connection to the complex of relations of which it is a part. Knowledge of this relational totality, moreover, is possible only through a systematic theoretical reconstitution of the entire complex as a whole.

"..we can never know the concrete completely. The infinite sum of general conceptions, laws, etc., gives the concrete in its completeness." (24)

The concrete is, in addition, dynamic or developmental, involving movement as well as relational existence.

"Theoretical cognition ought to give the object in its necessity, in its all-sided relations, in its movement, an-und für-sich." (25)

For Lenin, that is to say, the concrete constitutes a relational complex or totality, cognitively graspable only through a systematic theoretical reconstitution of the whole, and inseparable from movement, change and development. Lenin further specified the validating criterion of cognition of the concrete to be human practice, the activity by which theoretical knowledge attains contact with immediate actuality. He observes

"The result of activity is the test of subjective cognition and the criterion of OBJECTIVITY WHICH TRULY IS (Lenin's emphasis)" (26)

Lenin thus depicts the complete path of correct cognition in terms of the theoretical reconstitution of the data of perception, confirmed by practice in the objective world, practice which in itself acts upon and changes the external conditions of human activity.

"From living perception to abstract thought, AND FROM THIS TO PRACTICE, - such is the dialectical path of the condition of TRUTH, of the cognition of objective reality. (Lenin's emphasis)" (27)

The entire process, perceived as the unity of

theory and practice, is developed by Lenin as a distinctive "theory of knowledge." (28) Within this process, however, a distinct conception of what constitutes the "concrete" may be identified. That the depiction of the concrete as both relational and developmental, subject to movement, change and transformation, is not an idiosyncratic philosophical exercise on the part of Lenin alone is apparent from an examination of virtually every page of, for example, Capital. To take just one example, having, in Volume 2 of that work, examined the forms of money - capital, commodity-capital and productive-capital, Marx summarizes the relationship between the three corresponding circuits as follows :

"Capital as a whole, then, exists simultaneously, spatially side by side in its different phases. But every part passes constantly and successively from one phase, from one functional form, into the next and thus functions in all of them in turn. Its forms are hence fluid and their simultaneousness is brought about by their succession." (29)

Capital, both in terms of class relations and the forms of capital, is thus dynamic and changing, "can be understood only as motion, not as a thing at rest." (30) Capital's concrete features, that is to say, can be theoretically reconstituted only through an examination of the different

forms it assumes in the various stages of circulation, a process itself resting on the basic relation between capital and labour. Relation and change, thus conceived, are the basis of the Marxist conception of "the concrete". They are, for example, at the heart of the basic contradiction of capital identified by Marx and, as we have seen, restated by Miliband, between the increasing socialization of production and the private form of ownership and appropriation. Another way of formulating this contradiction is to counterpose the relative relational unity of capital and labour within the capitalist mode of production to their absolute antagonism, derived from the historical potential for non-alienated communal life, the realization of man's "species-being", that the development of the systematically exploitative capitalist epoch, opens up.

Despite this, perhaps technical, objection to Poulantzas' characterization of Miliband's methodology, however, we consider his criticism of Miliband's often implicit problematic of social actors to be valid and constructive. Miliband, for example, considering the not infrequent subjective distance of political leaders from the world of business, accounts for the former's accommodation to the latter in terms of essentially socio-psychological factors. He writes :

"All this, however, is of no serious consequence, given a fundamental commitment to the system of which businessmen are an intrinsic part. Because of that commitmentgovernments naturally seek to help business - and businessmen." (31)

At the same time, however, we have already indicated how Poulantzas' own analysis of the capitalist state is confused and misleading as a theoretical model. (32) The main contention of our critique is that Miliband's study, like that of Poulantzas and despite the fundamental differences between the two, touches the political economy of contemporary capitalism at best at a tangent. Specifically we are concerned with Miliband's positivistic approach to political structure and his formal, abstracted use of Marxist theory. An unbridged caesura divides his political analysis from what examination of recent capitalist economic change he does undertake. The consequence of Miliband's formalism in political economy and impressionism in his general discussion of economic and political power is that his exposition of the state is de-contextualized and, at key points, arbitrary. We will examine some instances of the effectively ahistorical analysis that results from this orientation, in particular Miliband's discussion of trade unions and international capitalist relations.

Writing in the late 1930's, Trotsky identified the dominant contemporary feature of trade unions internationally to be "their drawing closely to and growing together with state power." (33) He drew this conclusion from his analysis of the way in which trade unions, compelled to confront a centralized capitalist adversary intimately bound up with state power are, as reformist institutions, objectively forced to "adapt themselves to the capitalist state and to contend for its co-operation," even if this

adaptation takes the form of goal-specific confrontations in particular instances. More specifically, Marxists have been particularly concerned to examine the relatively privileged "aristocracy of labour" within the unions, as the effective agents of capital within the working class movement. Lenin in this way observed that imperialism in particular :

"creates the economic possibility of bribing the upper strata of the proletariat, and thereby fosters, gives form to, and strengthens opportunism." (34)

The general framework within specific aspects for developments within the trade unions have been analysed by Marxists, however, is to be found in Lenin's What Is To Be Done? Counterposing "spontaneous" to "revolutionary" consciousness, Lenin characterized trade-union concerns to be essentially bound up with the economistic struggle to improve the terms of the sale of labour-power within the framework of capitalist property relations. (35) Rejecting the possibility of "lending the economic struggle itself a political character," Lenin advanced the thesis, derived in essentials from the traditional Marxist view as presented in, for example, the Communist Manifesto (36) that the objective political interests of the working class can best be advanced by a trained revolutionary vanguard party trained in Marxism, "an organization of revolutionaries capable of maintaining the energy, stability and continuity of the revolutionary struggle." (37) At the same time Lenin emphasized the importance of "the active and widespread participation of the masses," without which the democratic centralist revolutionary vanguard would degenerate into a

purely conspiratorial and isolated Blanquist organization. The working class alone, Lenin believed, is able only to develop trade-union consciousness. Revolutionary consciousness, by contrast, is inconceivable without a training in Socialist theory, initially developed and elaborated by bourgeois intellectuals. The spontaneous development of the working class, in other words, leads to its subordination to bourgeois ideology, to "the programme of the Credo", (38) and only socialist ideology, propagated by a trained vanguard organization, can systematically present the revolutionary alternative.

What Is To Be Done was not written primarily as a theory of ideology as such, and Lenin does not explicitly account for the dominance of bourgeois ideology, as finding expression in trade union consciousness, in terms of the political economy of capitalist society. Nevertheless, his thesis is consistent with Marx's analysis of commodity-or exchange-society, in particular his conception of the "fetishism of commodities." By "commodity fetishism" Marx meant the objective appearance of the social characteristics of labour. The proportions of labour-time expended on commodities appear to their producers only in the external form of the magnitude of their exchange value, determined by the average socially-necessary labour time required to produce them. The commodity form, Marx wrote :

"mirrors for men the social character of their own labour, mirrors it as an objective character attaching to the labour products themselves, mirrors it

as a social natural property of these things. Consequently the social relation of the producers to the sum total of their own labour, presents itself to them as a social relation, not between themselves, but between the products of their labour." (39)

Social relations, in other words, appear to the agents of production in the form of set characteristics of material objects, their products, emphasizing that this "appearance" is not merely an ideational phenomenon but is directly a consequence of the conditions of a mode of production in which production exercises mastery over, rather than being controlled by, man. Although, as we have indicated, Lenin does not make this explicit in What Is To Be Done, his conception of a vanguard party, trained to conduct the revolutionary struggle, an integral aspect of which is the dissolution of bourgeois ideology in the working class, derives its rationale from the fetishistic character of commodities. The consciousness required to orientate the working class toward the direction and goal of the abolition of capitalism's specific forms of alienation and domination corresponds to a theoretical understanding totally distinct from the immediate sphere of fetishistic appearances, of which the everyday economic practices of economism are a direct, if militant, expression. The theoretically trained vanguard organization is the necessary bearer of this consciousness and its corresponding practices.

This conception of trade union consciousness as inherently reformist and subject, in the last analysis, to bourgeois ideology, has been contested by many non-Marxist socialists, but perhaps the most vigorous and consistently argued case has been put forward by J.A. Banks. In a historical study of British industry, Banks draws attention

to what he sees to be effectively anti-capitalist consequences of trade union opposition to private ownership. Citing the nationalization of industries such as coal and steel, Banks contends that militant trade union pressure for public ownership, if not typically derived from a Marxist analysis of capitalist property relations, has resulted in "the piece-meal erosion of the capitalist system of exploitation."
(40)

This thesis, however, while correctly recognizing that trade union strength is an important factor in determining the direction of development in particular sectors of the capitalist economy and, in some cases, in the system as a whole, confuses on the one hand the consequences of union militancy for the conditions of the reproduction of labour-power, and on the other the continuing subjection of the mixed economy to the specific dictates and imperatives of the capitalist mode of production. We will examine in a later section how the structural domination of the profit motive has stood behind and imposed limits on the form taken by the changes that have taken place both in working class conditions and in the scale of the public sector in post-war Britain. (41) The increasingly statified capitalist production, of which, the growth of the public sector is an important aspect, does not, as Banks implies, correspond to its erosion. While the powerful British trade union movement has been instrumental in adjusting certain specific aspects of the capital-labour relation, in particular the commitment to full employment, these changes have not in themselves served to undermine the exploitative character of that relationship itself. Profitability is still the structurally

imposed dominant criterion of production for capital as a whole, the nationalization of unprofitable but vital sectors such as coal being a necessary if costly condition of national economic life.

Now Miliband formally reiterates the Leninist analysis of the trade union labour aristocracy. His particular concern is the trade union leadership's almost universal acceptance of the legitimacy of capitalism.

"This has greatly eased the relations of trade union leaders with employers and governments and provided a firm basis for a process of collaboration with them which has turned these leaders into junior partners of capitalist enterprise." (42)

Miliband attempts to locate the recent attempts by capitalist governments to limit trade union independence in terms of "the recent evolution of advanced capitalism." The purpose of such measures, he observes, is to effect a general weakening of the bargaining power of wage-earners in the pursuit of policies "proclaimed to be essential to the national interest, the health of the economy, the defence of the currency, the good of the workers, and so on." (43)

Generally, however, Miliband writes as if this process were a more or less linear, sustained economic and political initiative on the part of state institutions.

"The history of trade unionism in capitalist countries is also the history of unending struggle against

the courts' attempts to curb and erode the unions' ability to defend their members' interests." (44)

State-initiated attempts to undermine trade union independence assume significance to different extents at different times, however, the typical motives for intervention being those of resort and perceived opportunity. The state-approved consolidation of arbitration mechanisms in Britain in industries such as hosiery and coal during the 1860's, for example, occurred during years when the markets for these products were expanding. An expanding market provided favourable conditions under which to obtain workers' support for industrial conciliation procedures to offset the costly effects of the strike and the lockout in the face of continental competition. (45) This development in the evolution of arbitration, in other words, had a rationale deriving from the form of class relations at a particular stage of the evolution of international capitalism.

The economic context of direct state attempts to impose incomes policies in the post-war period, by contrast, has been dominated by the decline in corporate profitability since the mid-1950's. Miliband, however, limits his analysis to identifying the "official" motives of governments in attempting to gain support for the state regulation of wage-bargaining, again moving close to a socio-psychological account of state interventionism. The growing concern of the capitalist state, in Britain and internationally, to curb the independence of trade unions has an immediate source and purpose quite untouched by Miliband's account.

He does not, that is to say, analyse the pattern of relations between the state and the unions from the point of view of the specific historical conditions of contemporary capitalist society.

Of more serious consequence, however, is Miliband's characterization of international capitalist relations. On this point Miliband actually misrepresents, in our opinion, the prevailing and dominant features of capitalist development. Miliband writes :

"Capitalism, as we have already noted, is now more than ever an international system, whose constituent economies are closely related and interlinked. As a result, even the most powerful capitalist countries depend, to a greater or lesser extent, upon the good will and co-operation of the rest, and of what has become, notwithstanding enduring and profound national capital rivalries, an independent capitalist 'community'". (46)

Now capitalism is, and long has been, an international system, promoting the development of an international division of labour. What is missing from Miliband's discussion, however, despite his almost parenthetically introduced recognition of international rivalry, is an analysis of how the course of post-war capitalist

development, one of inflationary expansion with increasing pressured profits, implies a progressive exacerbation of this rivalry, finding expression in the use of trading and currency movements to gain tactical advantages for particular nation states. The most consequential forms of inter-state economic warfare have been the steps taken by the United States to devalue in 1971 and 1973, thus reducing the value of the important overseas pool of dollars. The American balance of payments surplus on goods, services, and investment income up until the 1960's had been more than offset by a persistent outward flow of dollars, largely representing the expenses of American imperialism, and constituting claims on the American economy. The devaluation of these claims amounts to a calculated attempt to transfer overseas the cost of American commitments throughout the world, commitments which had led to the emergence of an actual balance of payments deficit by the 1970's. (47) While the major capitalist blocs in this scenario of emergent rivalry are the United States, Europe and Japan, the recent decisions by Italy and Denmark to raise tariff barriers in order to defend their balance of payments positions broke the E.E.C. provisions regarding the free movement of goods within the Community. While the E.E.C. has to some degree been successful in fostering a relative freedom of movement for European capital, its achievements in this area should not be overestimated. (48) Capitalism is still essentially tied to nation states and thereby

to national ruling classes as territorially-specific hegemonic groups within the international division of labour. The global imbalance between the international scope of the productive forces and their present subjection to the interest of national capital blocs recently prompted J. Knapp to identify "the system of nationalistic regulation of economies" which is designed to advance a particular state's economic, political and military power in competition with rivals "as the most significant feature of the contemporary world". (49) That this development has already assumed considerable proportions is not acknowledged by Miliband; however. The enduring international rivalry which he formally recognizes is increasingly becoming the dominant feature of the capitalist system on a trans-national scale, quite in spite of whatever "good will" and "cooperation" particular state incumbents may deem desirable. Miliband's abstracted political sociology, in other words, simply misses the point.

Other examples of the way in which Miliband's effective divorce of political analysis from the political economy of contemporary capitalism restricts the scope of and even trivializes his study could be given, but they all point toward the same essentially positivistic methodology. One more instance, however, will be mentioned. In his discussion of the elements of state systems Miliband points to the growing

prominence and influence of the military establishment in the United States. "Nowhere", he observes, "has the inflation of the military establishment been more marked since the second world war than the United States, a country which had previously been highly civilian-orientated." (50) This observation in itself, however, tells us virtually nothing about the relationship between the growth of the American military sector on the one hand and developments in the United States within the world economy on the other. During and for some time after the 1939-45 war armaments production acted as a stimulus to the expansion of American capitalism by allowing accumulation to proceed without the attendant problems of realization. State demand, that is to say, guaranteed the profitability of unproductive military enterprise within the international context of the Cold War and its aftermath. In the longer-term the scale of military spending has been an important contributory factor to America's relatively slow rate of economic growth and its deteriorating balance of payments position. Miliband's exposition, however, is abstracted from the distinguishing features of post-war international capitalism, in particular America's role as its leading global protagonist, that constitute the logic of developments such as the rise of militarism in the United States.

And this, in the final analysis, is the fundamental weakness of The State in Capitalist Society. Miliband formally refers to the "profoundly destabilising forces at work in capitalist society". In a marginally more specific tone he observes :

"The point is not that 'bourgeois democracy' is imminently likely to move towards old style Fascism. It is rather that advanced capitalist societies are subject to strains more acute than for a long time past, and that their inability to resolve these strains makes their evolution towards more or less pronounced forms of conservative authoritarianism more rather than less likely." (51)

The precise nature of "strains" to which contemporary capitalism is subject is never explained, however. The period which Miliband sees to be characterised by "crisis and challenge" (52) is at no point examined concretely in terms of capitalist development and class relations within their particular historical context. From the combination of a highly formal, almost ritualistic minimum of Marxist theory and a positivistic approach to economic and political structure there emerges an empirically thorough but hybrid work, brimming with data, academic references to Marxist and non-Marxist sources alike, but not attempting to examine, concretely and systematically

the crucial and distinguishing features of late capitalism. The State in Capitalist Society is perhaps most rigorous study in a tradition to which H.J. Laski, of whom Miliband, it may be noted, was once a student, contributed and to a large extent gave form in the British academic community. Counterposing his own perspective to the a priori, deductivistic theories of the state formulated by philosophers such as Rousseau, Laski proposed :

"A realistic analysis of the modern state....suggests that what we term state action is, in fact, action by government. It is a policy offered to the people for acceptance. It becomes state-action when that acceptance is predominantly operative." (53)

There is, that is to say, a logic in the actions of the state which may be discovered from an empirical analysis of the practices of governments and their incumbents, and the response of the governed to those practices. The actions of the state correspond to the interests and practices of those social actors who have access to and control it. Thus :

"The truth is that in the process of politics what, broadly speaking, gets registered is not a will that is at each moment in accord with the state-purpose, but the will of those who in fact operate the machine of government." (54)

While Miliband would eschew some of Laski's policy recommendations, in particular, his recurrent advocacy of corporatist industrial organisational forms (55), his study of the state methodologically follows the latter's dictum that "the patient analysis of its practices" is the most fruitful means of ascertaining the nature of a state's programme. (56) Miliband, like Laski, recognizes the inherent antagonism between labour and capital. The absence of a unifying theoretical analysis of recent capitalism, inseparable from his positivistic approach to economy and polity lead Milliband, however, to produce an account of contemporary state structures which, despite its empirical rigour, is essentially ahistorical in form and, at a number of key points, misleading in content.

1. Prominent among his writings is his study Parliamentary Socialism (1961) Miliband is, in addition, co-colitor of the influential Socialist Register.
2. R. Miliband(1973b), 1.
3. Ibid., 6
4. Ibid., 22
5. Ibid., 45
6. Ibid., 51
7. Ibid., 62
8. Ibid., 106
9. Ibid., 237
10. Ibid., 7
11. Ibid., 33
12. Ibid., 37
13. K. Marx(1959), 209
14. V.I. Lenin (1970b)
15. L. Trotsky (1954)
16. L. Trotsky (1971b), 406
17. K. Marx (1972b)
18. K. Marx (1954) 106
19. Ibid., 10
20. R. Miliband (1973b) 17
21. N. Poulantzas (1972), 240
22. C. Marat, "New Edinburgh Review", 5
23. V.I. Lenin (1961a), 138
24. Ibid., 279
25. Ibid., 211
26. Ibid., 219

27. Ibid., 171
28. Ibid., 219
29. K. Marx (1967b), 107
30. Ibid., 108
31. R. Miliband (1973b) 70
32. See section II of the present chapter.
33. L. Trotsky (1972b), 5
34. V.I. Lenin (1970b), 125
35. V.I. Lenin (1972) 69
36. The Communist Manifesto states:- "The Communists....are on the one hand, practically, the most advanced and resolute section of the working-class parties of every country, that section which pushes forward all others; on the other hand, theoretically, they have over the great mass of the proletariat the advantage of clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement." (K. Marx and F. Engels, 1967a), 95)
37. V.I. Lenin (1972), 129
38. Ibid., 49
39. K. Marx (1972b), 45
40. J.A. Banks (1970), 111
41. "Political Economy and the British State."
42. R. Miliband (1973b), 144
43. Ibid., 74
44. Ibid., 128
45. V.L. Allen (1971), 72
46. R. Miliband (1973b), 138
47. H.L. Robinson (1974)
48. See E. Mandel (1970a)
49. J. Knapp (1973), 19
50. R. Miliband (1973b), 48

51. Ibid., 239
52. Ibid., 236
53. H.J. Laski (1919), 30. See also H.J. Laski (1937), 56-61.
54. H.J. Laski (1919), 37
55. In *Liberty In The Modern State*, for example, Laski advocated "a Parliament for the mining industry, in which capital, management, labour and the consumer should each have their due representation, and to which should be confided the determination of industrial standards on the model of professional self-government" (H.J. Laski, 1937, 87). See also K. Martin (1969), 153-4
56. H.J. Laski (1919), 31-2

SECTION TWO

WEBER, MARKET SOCIOLOGY,
TECHNOCRACY AND
THE STATE

I. MAX WEBER, CAPITALISM AND THE STATE.

INTRODUCTION.

It is not without good reason that Max Weber has been referred to as "the sociologist our contemporary". (1) His influence on later Sociology may be seen in such diverse areas as the study of social domination and authority (2), the debate on ethical neutrality (3), and the status of materialism as a tool for historical analysis (4). More recently, his methodological writings have been acknowledged as formative by sociologists working in the area of Ethnomethodology (5). Our concern here will be the influence of his analysis of capitalist social structure and its corresponding state form on some contemporary writers.

A number of recent studies of the class structure of capitalism bear the impression of Weber's inspiration and share some of his key assumptions. We will be particularly concerned with three derivative groups of theories: attempts, most notably those of A. Giddens and F. Parkin, to reconstruct the workings of the capitalist economy, in particular its power dimension, in terms of a positivistic concern with interaction and exchange at the level of the market: Dahrendorf's model contending the primacy of authority relations in conflict group formation, a model structured around the Weberian concept of the imperatively co-ordinated association: finally, a heterogeneous group of theorists, linked through their common formal Weberian equation of rationality at the level of social practice and at that of wider social structure and organization and their common concern with bureaucratization and technocracy.

We will first of all consider Weber's analysis of capitalist social structure as a whole, and its relation to his conception of Verstehen sociology. Particular aspects of his work will be examined in rather more detail in the following sections in the course of elaborating the derivative theories with which we are concerned. Central to the discussion as a whole is the question of the relevance of Weberian conceptual tools for an analysis of the class and state structures of advanced capitalist society, in particular those of post-war Britain. The perspective from which we will critically assess the various aspects of the Weberian theses is that of Marxism.

Both Marx and Weber, through their concern with the structure of domination in capitalist society, were led to the analysis of "homo hierarchicus" as opposed to the narrower model of "homo economicus". This common preoccupation, has led to much confusion on the part of later commentators. A. Giddens, for example, suggests that Weber, like Marx, saw that "ownership versus non-ownership of property is the most important basis of class division in a competitive market" (6). Our view, in contrast, is that for Weber, as against Marx, class is first and foremost defined at the level of market interaction, is primarily a distributive concept, and that this perspective may be shown to derive from his methodology of "Verstehen" Sociology.

Weber initially defines "class situation" as the typical probability of procuring goods, gaining a position in life, and finding inner satisfaction. It is seen to derive from

"... relative control over goods and skills and.....
their income producing uses." (7)

"Class" itself is defined as the totality of people in the same class situation, and Weber's three-fold typology of classes (property, commercial and social classes) is explicated accordingly. Weber's "market" conception of class is apparent in his discussion of "commercial" classes. There he includes workers who hold "monopolistic qualifications and skills" in the positively privileged category (8). The concept of entrepreneurial activity is used by Weber in an idiosyncratic way which directs analysis to the monopolization of attributes which effectively command privileged treatment at the level of market interaction. Whereas for Marx the working class is an exploited and subordinate class because it is objectively (structurally) compelled to sell its labour-power to capital, Weber's criteria for "negatively privileged commercial classes" is quite different. The classes he locates in this category are skilled, semi-skilled and unskilled labourers, and as such are empirically close to Marx's class of productive workers. Nevertheless, Weber's analytical equation of a particular sector of workers with merchants, shipowners, entrepreneurs and bankers indicates how he locates class in the sphere of the market, a single "moment" which he abstracts from the total process of production and reproduction. His criteria for property and social classes are similarly posed (9).

This market-interactive orientation flows directly from Wener's methodological starting point, the interpretation of social action, or conscious behaviour orientated directly or indirectly toward the behaviour of others. Social action is viewed "only as the behaviour of one or more individual human beings." As such

it constitutes "the subjective meaning-complex of action". Weber accordingly designates to social collectivities such as states and associations the status of being

"... solely the resultants and modes of organization of the particular acts of individual persons, since these alone can be treated as agents in a course of subjectively understandable action." (10)

While commending the functionalist frame of reference as convenient for purposes of practical illustration and for provisional orientation, he warns against the illegitimate reification of these concepts. He uses, that is to say, the individualistic "Verstehen" methodology, rooted in the motives of social actions. Weber's conception of class is, appropriately, articulated at the level of direct patterns of market interaction and distribution, as is his generic notion of economic action. (11)

As regards Weber's historical analysis, it will be my contention that Weber's conception of class as outlined and explicated above in fact permeates and, in an important sense, structures his concern with "rationalization" as the central developmental feature of contemporary society. Consideration of Weber's notion of rationalization is therefore necessary at this point. Weber noted

"The fate of our times is characterised by rationalisation, intellectualisation, and above all by the 'disenchantment' of the world." (12)

By this he meant a stage of social development where there are no mysterious forces at work and in which it is possible, at least in

theory, to master all things by rational calculation. Weber identified a key feature of this process to be the conscious pursuit of individual interests, or

"... the substitution for the unthinking acceptance of ancient custom, of deliberate adaption to situations in terms of self-interest." (13)

Weber sought to elucidate the historical foundations of rationalisation and to show how it may historically assume different forms. He contended, for example, that the very "direction" of the action described as rational may vary: it may proceed positively as "a conscious rationalisation of ultimate values", negatively at the expense "not only of custom, but of emotional values", or finally in favour of "a morally sceptical kind of rationality" (14). Thus the direction of rationalisation is just as significant in Weber's work as its degree or tempo.

In addition, he elsewhere explicitly rejected the notion that rationalisation is a linear process. History, he notes, is not a parallel development "in the various departments of life" (15). As an example Weber cites the backwardness of law, by the criteria of rationality, in a number of countries, including Britain, with a high degree of economic development. Weber's view, then, was that "Rationalism is an historical concept which covers a whole world of different things." (16)

A crucial example of the conflicting forms of rationality identified by Weber is that between the "formal" and the "substantive" types. In particular, an economic system is defined as formally rational "according to the degree to which the provision for needs,

which is essential to every rational economy, is capable of being expressed in numerical calculable terms and is so expressed." (17) Even with such a "formal" expression of economic activity in monetary, calculable terms, however, one must take into account that that activity is oriented to ultimate ends, whether they be ethical, political, hedonistic or whatever. Thus "substantive" rationality cannot be measured in terms of "formal" calculation alone, but also involves a relation to absolute values or the content of a particular end. Action in the interest of a hierarchy of class distinctions, or in furtherance of the power of a particular unit are, among many other possible standards of value, "of potential 'substantive' significance" in Weber's scheme. (Ibid., 186)

Thus, for Weber the "formal rationality" of money calculation is dependent upon a certain quite specific substantive condition. In particular he identifies speculation, which he sees to be an important source of crises in modern economies, job control by the workers, which prevents their appointment solely on the grounds of technical efficiency, and movements promoting planned economies. The latter, Weber claims, weaken the incentive to labour, since a worker and his dependents would not suffer the full consequences of his lack of productive efficiency, at least in so far as there was "a rational system of provision for wants."

Now Weber's analysis of rationality, with its assumption of calculability and its individualistic orientation represents the particular rationality of capitalist society. Capitalist social relationships, he argues, are for technical reasons a vital precondition of a rational economy. We will quote in full a central,

if lengthy, passage from Economy and Society.

"The expropriation of workers in general, including clerical personnel and technically trained persons, from possession of the means of production has its economic reasons above all in the following factors:

(a) The fact that, other things being equal it is generally possible to achieve a higher level of economic rationality if the management has extensive control over the selection and the modes of use of workers

(b) In a market economy a management which is not hampered by any established rights of the workers, and which enjoys unrestricted control over the goods and equipment which underlie its borrowings, is of superior credit-worthiness

(c) From a historical point of view, the expropriation of labour has arisen since the sixteenth century in an economy characterised by the progressive extensive and intensive expansion of the market system on the one hand, because of the sheer superiority and actual indispensability of a type of management oriented to the particular market situations, and on the other because of the structure of power relationships in the society." (18)

While viewing rationalization as a diversified process, characterised particularly by calculability and efficiency Weber thus conceived it to be particularly characteristic of, though not absolutely unique to, Western capitalist society. His analysis of capitalism as a form of social and economic organisation is thus of relevance to his analysis of the historical process of rationalisation.

In the first place, rational calculating activity is the "ideal type" of subjective meaning attributed to social action by

Weber in his causal account of capitalist class structure. In the Protestant Ethic he defines capitalism as

".... identical with the pursuit of profit,
and forever renewed profit, by means of
continuous, rational, capitalistic enterprise." (19)

Distinguished from the mere impulse to acquisition and gain, it excludes consideration of the wider, historically-bound and historically-developing determinants of class structure. This epistemological barrier, it has been argued, follows directly from his conception of "Verstehen" sociology. The relevance of this for what Weber terms the historical process of rationalization, and in particular for his analysis of the contemporary state will now be examined.

Now, while Weber's formal definitions of the various aspects and properties of class are brief almost to the point of terseness (Economy and Society, 302-7, 926-40) the concepts themselves are of great importance for the interpretation of his historical analysis. Sociology, Weber argues, is concerned with the formulation and presentation of general principles and generic or ideal concepts in relation to social action. History, by contrast, "is directed towards the causal analysis and explanation of particular, culturally significant, actions, structures, and personalities." (E. and S., 19). The formulation of sociological general principles, while an important and valid intellectual process in its own right, thus at least in part takes the form of a means towards the end of reconstructing actual, causal historical sequences. Thus he indicates that the sociological task he sets himself in Economy and Society constitutes a "very modest preparation" for the study of

specific historical phenomena. "It is then the concern of history to give a causal explanation of these particular characteristics". (Letter to George van Belau, 1914, quoted from Giddens, p.146.)

In The Protestant Ethic and the Spirit of Capitalism Weber defines capitalism as "identical with the pursuit of profit, and forever renewed profit, by means of continuous, rational, capitalistic enterprise, as distinguished from the mere impulse to acquisition and gain" (17). It has, he observes, been developed in new directions and to new extents in the modern Occident. Identifying its major requisit as the "rational capitalistic organization of (formally) free labour", Weber indicates that in terms of cultural history, the problems of the origins of capitalism is that of the "origin of the Western bourgeois class and of its peculiarities" (Ibid., 24). This problematic is explored in considerable detail in Weber's General Economic History.

In that work, capitalism is described as involving the "method of enterprise". In particular, Weber indicates that this consists principally of "capital accounting", or caluclation by means of modern bookkeeping and the striking of a balance" in undertakings concerned with the provision of satisfaction for "everyday wants" (275-6). As aspects of this mode of accounting he lists the institution of private property, freedom of market exchange, mechanized technology, "calculable" law, formally free labour, and the commercialization of economic life.

In order to clarify his account of rational capitalism, Weber counter-poses it to tax farming, the financing of war, trade speculation and money-lending as "non-rational" forms of capitalist

enterprise. They all, he observes, relate to "spoils, taxes, the pickings of office of official usury, and finally to tribute and actual need." No "rational" system of labour organization, he claims, has developed out of such arrangements. Rational capitalism, rather, is

"... organized with a view to market opportunities, hence to economic objectives in the real sense of the word, and the more rational it is the more closely it relates to mass demand and the provision for mass needs." (Ibid., 334)

"Rational" capitalism is thus seen to be at the heart of modern economic activity rather than in any way being accidental to or parasitic upon it. Moreover, the quality of calculability which Weber ascribes to particular capitalist activities is perceived to engender a rationality in the system as a whole in the form of a correspondence between production and (mass) needs. The contradiction identified by Marx between the dual nature of the commodity as use value and exchange value, with its implications for the inherent tendency of capitalism toward crises (Grundrisse,) is thus overlooked by Weber. As with his formal discussion of class, his discussion is dominated by the basically subjectivist (with the qualifications made above) notion of "Verstehen" sociology: only this time the consequence is that the (empirically existent) dominance of calculability of particular capitalist activity is theoretically reproduced at the level of the socio-productive system, at the level of capital as a whole. As with his formal discussion and definition of class, his conception of

social major requisite is the "rational capitalistic organization of (formally) free labour". Weber indicates that the problem of its origins is that of the origin of the bourgeois class itself. This problematic is explored in considerable detail in Weber's General Economic History.

In that work capitalism is described as involving the "method of enterprise". This, according to Weber, consists principally of "capital accounting", or calculation by means of modern bookkeeping and the "striking of a balance" in undertakings concerned with the provision of satisfaction for everyday wants. (20) As aspects of this mode of accounting he identifies the institution of private property, freedom of market exchange, mechanized technology, "calculable" law, formally free labour, and the commercialization of economic life.

A theoretical transposition of this rationality from the form of behaviour of individual capitalists to the level of the system as a whole takes place in Weber's work, however. Counter-posing rational capitalist enterprise to "non-rational" forms such as tax farming and trade speculation, he contends that the former is

"... organized with a view to market opportunities, hence to economic objectives in the real sense of the word, and the more rational it is the more closely it relates to mass demand and the provision for mass needs." (21)

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engender a rationality in the system as a whole in the form of a correspondence between production and (mass) needs. The contradiction identified by Marx between the dual nature of the commodity as use value and exchange value, with its implications of the inherent tendency of capitalism toward crisis is thus overlooked in Weber's inductivist systems-analysis. As with his formal discussion of class, his model of rational capitalism is dominated and structured by the basically subjectivist methodology of "Verstehen" Sociology; only this time the consequence is that the empirically existent dominance of calculability of particular capitalist activity is theoretically reproduced at the level of the socio-productive system, at the level of capital as a whole. In both cases, Weber's conception of social action acts as an epistemological barrier to the understanding of capitalist socio-productive relationships. It limits the concept of class to the sphere of direct, immediate market interaction. In the case of the wider system it results in a mystified portrayal of the workings of capitalist society, essentially reformulating the empirically false equilibrium model expressed, at its simplest, in Say's Law. (22)

Class, state, and capitalism in toto are attributed with the "rational" essence that Weber finds in the conscious action of their individual incumbents, the modern state being the rational Weberian bureaucratic organization par excellence. Social power, its distribution, source and social meaning, is, of course, the central problematic of this dimension of Weber's work. Weber himself defines power, in its most general sense, as

"... the possibility of imposing one's will upon the behaviour of other persons." (23)

His rather more limited notion of domination, however, has two particular aspects, namely domination by virtue of a constellation of interests and domination by virtue of authority. Weber is concerned specifically with situations involving "authoritarian power of command" or, viewed from the opposite perspective, of "obedience". Every highly privileged group, Weber adds, develops its own myth of natural superiority. For long periods of time this myth is accepted almost unquestioningly, but when, as in our own time, the class situation and its power to determine every individual's fate becomes unambiguously apparent, it becomes the target of "powerful attacks".

Within this framework (into which is built, we will later contend, the assumption of the universality of social relations of dominance) Weber identifies the three "pure" or "ideal" types of charismatic, traditional and legal rational authority. While the latter is of particular relevance for Weber's study of the modern state, the former two will be sketched briefly in order to indicate the scope of Weber's typology.

Bearers of charismatic authority are seen to be endowed with specific gifts of body and mind that are considered "supernatural" and to satisfy all "extraordinary" needs, that is those which transcend the sphere of everyday economic routines. (24) Charisma, for Weber, is a highly individual quality which "is self-determined and sets its own limits".

Traditional domination, on the other hand, is derived from norms which are sanctified by tradition and custom. Weber quotes the Talmudic maxim "Men should never change a custom" as an illustration of this power of tradition (Ibid., 1008). Within

this category Weber devotes most space to patriarchal domination which, he claims, is ultimately based on "nothing but purely subjective rights and privileges" (Ibid., 975). It thus lacks the more objective "matter-of-factness" of bureaucratic domination, Weber's third type.

Weber lists the characteristics of bureaucracy as the division of the field in question into official "jurisdictional" areas which are generally ordered by formal rules, the establishment of "office hierarchy" and of corresponding channels of appeal in order to stipulate a clear system of super- and sub-ordination, and the preservation and use of written documents ("the files"). There is a staff of subaltern officials and scribes, whose official activity is segregated from their private lives. In addition, Weber identifies thorough training in a field of specialization, the demand for the full working capacity of the official during office hours, and the presence of more or less stable and exhaustive "general rules" as characteristics of bureaucratic organization.

As a consequence of these factors, the office constitutes a "vocation" and the position of the official is of the nature of a "duty" in return for the grant of a secure existence. Officials are appointed rather than elected, and this functions to preserve the rigidity of the hierarchy of subordination. Their positions are held for life, their salaries are fixed according to rank, and there is an established line of career promotion in terms of, for example, seniority or examinations.

Weber lists as examples of bureaucracy the system of rule

in Egypt in the period of the "New Kingdom", the later Roman Principate, the Roman Catholic hierarchy, China from the time of Shi Huangti, the modern European states and the large modern capitalist enterprise. He argues that bureaucratic status incentives tend to be superior to physical coercion in that they are more likely to promote "steadiness". Nevertheless, degree of bureaucratization and, for example, the expansionary force of a state need not of necessity correspond. The Roman and British Empires, for example, had little bureaucratic foundation during their most expansive periods.

The decisive reason for the advance of bureaucracy for Weber, however, is always its "technical superiority over any other form of organization". In particular, he points to its precision, speed and unambiguity, as well as the reduction of material and personal costs. (25) Thus, the more perfect it becomes, the more it is "dehumanized" of personal, irrational and emotional elements.

Weber observes a "levelling" process in the context of bureaucratic administration (26), and argues that with its ascendancy it becomes increasingly necessary and increasingly determines "the material fate of the masses". It promotes, he suggests, a "rationalist way of life", (Ibid., 998), and adds that it brings the system of "rational examinations for expertise" to the fore and is accordingly epitomisedly the "specialist" rather than the "cultivated man" of, for example, the traditional English administration by notables. Clearly Weber is pointing to a profound and crucial relationship between the development of modern Western rationality on the one hand, and the growth of bureaucracy, a peculiarly contemporary phenomenon in its more developed forms,

on the other. The Weberian notion of rational bureaucracy, to use Parson's terminology, is characterized by values of universalism, achievement, specificity and affective neutrality (27), qualities which, in Weber's formal analysis, govern the modern world. Implicit throughout this analysis is the notion of the official as accountable to his superiors within the context of a rigid system of hierarchical subordination.

This perspective of bureaucracy guides Weber's political analysis of the modern state. In Economy and Society he contends that "the large modern state is absolutely dependent upon a bureaucratic basis". The "rational state", he elsewhere argues, is unique to the Western world. (28) On the basis of this rational state, characterized by "an expert officialdom and rational law", the trained official makes decisions on the basis of "law which can be counted upon, like a machine: ritualistic-religious and magical considerations must be excluded." (Ibid., 342) Weber counterposes this form of state organization to that of ancient China, where the mandarins played no important role in the way of political service, the view that their perfection in literary culture "keeps things in order in normal times" being essentially a magical theory. Weber historically explains the creation of such a body of rational law in terms of the alliance between the modern state and the jurists for the purpose of making good the former's claims to power. This alliance, he observes "was indirectly favourable to capitalism", and he identifies fourteenth century English Mercantilism as "the first trace of a rational economic policy".

Weber characterizes Mercantilism as the carrying of the

point of view of capitalist industry into politics: the state is handled "as if it consisted exclusively of capitalist entrepreneurs" (Ibid., 347-9). Noting that few of the industries created by mercantilist policies survived that period, however, Weber argues that capitalism proper developed not as an outgrowth of national mercantilism, but rather alongside it. A stratum of entrepreneurs which had developed independently from the political administration, secured the systematic support of Parliament in the eighteenth century after the collapse of Stuart fiscal monopoly policy. In this way "rational" and "irrational" capitalism faced each other in a relationship of conflict, the former type progressively gaining ground as the latter lost it. (Ibid., 350-2).

For Weber, the "rational state" thus emerged in eighteenth century Britain as the embodiment and political expression of "rational" capitalist activity. In Economy and Society Weber lists the primary formal characteristics of the modern state as an administrative and legal order subject to change by (bureaucratic) legislation, the possession of legitimate authority with powers of coercion on a territorial base, and the monopoly of legitimate force. Elsewhere in the same work he graphically restates the last characteristic, in relation of official action in response to both human acts and also "natural" contingencies (such as geographical disasters):

"Today legal coercion by violence is the monopoly of the state. All other groups applying legal coercion by violence are today considered as heteronomous and mostly also as heterocephalous. This is the outcome, however,

of certain stages of development. We shall speak of "state" law, i.e., of law guaranteed by the state, only when legal coercion is exercised through the specific, i.e., normally directly physical, means of coercion of the political community." (29)

This recognition of the coercive dimension of state activity is consistent with and occupies an important position within Weber's model of the class nature of capitalist society. In the first place, he notes that law, through the political organ of the state, acts as a guarantor of a wide variety of particular interests, both economic and otherwise.

"Law (in the sociological sense) guarantees by no means only economic interests but rather the most diverse interests ranging from the most elementary one of protection of personal security to such purely ideal goods as personal honor or the honor of the divine powers." (30)

At the same time, however, Weber argues that economic interests are the strongest single factor contributing to the creation of legal systems.

"For, any authority guaranteeing a legal order depends, in some way, upon the consensual action of the constitutive groups, and the formation of social groups depends, to a large extent, upon constellations of material interests." (31)

Weber identifies the major "functions" of the state today to be those of law enactment, protection of public order and personal safety, protection of vested rights and "cultural interests", and

protection from outside attack. (Ibid., 905). He relates these functions directly to the above-discussed conception of class society by indicating how the actions of the state benefit certain class groupings more than others, especially in the modern period when the expansion of the market has cut away the basis for a "community of interests". Thus, the state

".... obtains a powerful and decisive support from all those groups which have a direct or indirect economic interest in the expansion of the market community, as well as from the religious authorities. These latter are best able to control the masses under conditions of increasing pacification. Economically, however, the groups most interested in pacification are those guided by market interests, especially the burghers of the towns, as well as those who are interested in river, road, or bridge tolls and in the tax-paying capacity of their tenants and subjects. These interest groups expand with an expanding money economy." (32)

The "rational" capitalist state is thus, for Weber, both expression of and vehicle for the particular rationality of capitalist society. Weber's conception of the modern state, in other words, is in the last analysis bound to his analysis of the class relations of capitalism. These class relations, it will be remembered, are primarily market-orientated: the market, in turn, is seen to embody and be the stage for economic activity of a particularly rational, calculable nature, this being the ideal-type of subjective meaning attributed by Weber to social actors in his account of the class structure of capitalist societies: the state is a political

expression or dimension of this system of class relations and consequently both reflects and promotes its inherent rationality. The position and role of the state within Weber's overall conception of capitalism assumes, as Weber assumes, that the "rational", calculating nature of immediate economic action is directly reproduced at the level of the system as a whole. There is no suggestion, as in Marx's analysis, that capitalist extended reproduction has a dynamic of its own which imposes direct imperatives on the actors who at the level of direct production fulfill the tasks necessary for that reproduction to take place. Whereas Marx, in other words, set out to discover the law of motion of capitalist society on the basis of the production of commodities within historically specific class relations (defined at the level of relations of production), Weber constructs an ideal-type of rational, capitalist economic activity and via a conceptual transposition theoretically reproduces the rationality he finds there at the level of the system itself. The principal mediating concepts in this structure are the definition of classes at the point of market interaction and the assumption that, in its most rational form, capitalist production will correspond closely to "mass demand" and "mass needs". That these various aspects of Weber's analysis of capitalist society are mutually reinforcing is expressed perhaps most concisely in the following passage from

Economy and Society:

"Above all, it (rational bureaucratic administration - D.B.) was influenced by the rise of the bourgeoisie in the towns which had an organization peculiar to Europe. It was in addition aided by

the competition for power by means of
rational - that is bureaucratic -
administration among the different states.
This led, from fiscal motives, to a crucially
important alliance with capitalistic interests." (33)

Class, state and capitalism as a system are thus theoretically
reconstructed in terms of the guiding Weberian concept of rationality,
a concept which in turn is grounded in the methodology of "Verstehen"
Sociology. For Weber, as for Hegel, the rational thus becomes the
actual. The realization of the rationality of capitalist economic
calculation is rendered conditional upon the presence of certain
substantive conditions (market struggles, capital accounting and
"effective demand"), (34), but these conditions are in fact no more
than aspects of the capitalist environment itself (in so far as it
is rational in the Weberian sense (35)).

If, in summary, a single error may be isolated as the
overriding flaw which permeates Weber's work, it is the displacement
of the concept of rationality and its illegitimate transposition into
sectors of social reality, in particular those of the determination
of classes and the overall functioning of capitalism, where quite
different laws and principles hold sway. His inductivist "Verstehen"
methodology in this way produces a model of capitalist society which
serves to mystify both its characteristic class structure and the
mode of development of the system as a whole.

At the same time, Weber's methodological principle of
ethical neutrality is undermined within his own analysis, his
"sociology of domination" generating effectively prescriptive
conclusions which are incompatible with his advocated division

between facts and values, between science and politics. Concerning ethical neutrality Weber contends that

"... the investigator and teacher should unconditionally separate the establishment of empirical facts (including the 'value-oriented' conduct of the empirical individual whom he is investigating) and his own practical evaluations." (36)

In order to grasp Weber's theory of rationality, however, it is necessary to view it in the context of his immanent conception of domination, as Marcuse indicates when he points out that the "formal analysis of capitalism" becomes, in Weber's work, "the analysis of forms of domination". (37) Weber himself asserts that

"Without exception every sphere of social action is profoundly influenced by structures of dominancy." (38)

He adds that historically domination has played "the decisive role", particularly within the most important economic structures of the manor and the large-scale capitalist enterprise.

Weber's analysis is, in fact, pervaded by an assumption that domination is a necessary feature of any form of social organization. It is on this basis that C. J. Friedrichs questions the "authoritarian norms" which are embodied in his intended value-free work. (39) For Weber, bureaucratic administration is, other things being equal, technically the most rational type and indispensable for the needs of contemporary society. (40) He also notes, however, that

"Bureaucratic administration means fundamentally domination through knowledge." (41)

Domination thus enters his discussion as an iron, historical necessity. This, clearly, is indicative of anything but a position of ethical neutrality. An effective value-endorsement co-exists with Weber's attribution of rationality to capitalist social organization, both these factors being graphically underlined by his scepticism towards the possibility of any qualitative as opposed to purely quantitative change with a transition to Socialism. (42) The profound sociological pessimism that underpins this scepticism re-emerges, we will suggest in the following section, in both Gidden's and Parkin's recent works on the class structure of capitalist society. Our intention up to now, however, has been to demonstrate the market-orientation of Weber's concept of class, its roots in his social action theory, and the consequence of this for his perception of the capitalist system as a whole, including its state form. Weber's work as a whole, we concluded, is structured by a pervasive inductivism. Our concern in the following section will be to critically discuss the Weberian conception of class as a market category.

MAX WEBER, CAPITALISM AND THE STATE REFERENCES.

1. R. Aron (1968c), 250.
2. For example, R. Dahrendorf (1959). See section "Social Class and Authority".
3. M. Weber (1949).
4. M. Weber (1970a)
5. H. Sachs (1963)
6. A. Giddens (1971), 164.
7. M. Weber (1968), 302. See also parallel definition in Ibid., 927.
8. Ibid., 304.
9. Ibid., 304.
10. Ibid., 13.
11. Economic action is defined by Weber as that which seeks, through peaceful means, to acquire the control of desired utilities (Ibid., 63).
12. M. Weber (1970a), 133.
13. M. Weber (1957), 123.
14. Ibid., 123.
15. M. Weber (1970b), 77.
16. Ibid., 78.
17. M. Weber (1957), 185.
18. M. Weber (1968), 137-8.
19. M. Weber (1970b), 17.
20. M. Weber ("General Economic History"), 275-6.
21. Ibid., 334.
22. While Weber formally contends that sociological interpretation should be adequate both at the level of meaning and at that of

causality (see M. Weber, 1968, 11), the former in fact predominates over and determines the form the latter assumes in his actual analysis of capitalist social structure. Some of the implications of this orientation are taken up in more detail in our following section on "Market Sociology".

23. M. Weber (1968), 946.
24. Ibid., 1111.
25. Ibid., 975.
26. Ibid., 985.
27. J. Parsons (1951), 67.
28. M. Weber, "General Economic History", 338.
29. M. Weber (1968), 314.
30. Ibid., 333.
31. Ibid., 334.
32. Ibid., 908.
33. Ibid., 259.
34. Ibid., 107-9.
35. See (21) above.
36. M. Weber (1949), 11.
37. H. Marcuse (1968), 215.
38. M. Weber (1968), 941.
39. C. J. Friedrichs (1964), 31.
40. M. Weber (1968),
41. Ibid.,
42. Ibid., 139.

II. CAPITALISM, SOCIAL CLASSES AND "MARKET SOCIOLOGY".

The last few years have witnessed something of a revival of the Weberian approach to the study of industrial behaviour, a central preoccupation of which has been to affirm and specify the rationality of social action in that context. (1) Much of this work may be viewed as the development and consolidation of a tradition that derives largely from Weber's empirical work on the economic rationality of workers and management, in particular that whereby workers "regulate their output according to plan for material gain". (2)

Our concern, however, will be with two particular attempts to construct a model of capitalist social structure which rest on Weberian criteria of class, those of Parkin and, more recently, Giddens. We will suggest that as with Weber these authors, through adopting an essentially static and ahistorical, one-sided definition of class are unable to advance beyond the perspectives of what Marx over a century ago termed "vulgar economy", the systematization of what is directly and behaviourally visible in the sphere of market relations.

The first variant we will consider is the analysis of stratification in terms of structured patterns of unequal distribution. Frank Parkin, adopting this approach, contends that

"... stratification implies not simply inequality but a set of institutional arrangements which guarantee a fairly high degree of social continuity in the reward position through generations." (3)

Parkin thus initially identifies the two crucial characteristics of social stratification in toto as inequality of rewards and temporal

continuity. As against this view, the origins of which he locates in Weber's work, that social stratification is a "multi-dimensional" phenomenon with a heterogeneous network of determinants, he identifies the occupational order as the key to the class structure of capitalist society. (4) He then seeks to account for the inequalities of power that are implied by the differential distribution of rewards in terms of the market. Relative scarcity in the market-place, he contends, is the chief determinant of occupational reward and consequently the central element of the system of class inequality. Professional and managerial positions, for example, are allocated a more favourable share of resources than manual labourers primarily because

".... they command the type of skills
whose scarcity-value furnishes them
with the power to stake larger claims." (5)

Traditional or customary ideas of occupational status, Parkin adds, may complicate the distribution of rewards. Such factors are viewed as of secondary importance, however, being "not usually sufficiently powerful in themselves to run counter to market forces in the long run" (Ibid., 23).

Reward hierarchy, both in terms of differential income and long-term or concealed advantages is thus, for Parkin, the primary criterion of class structure. Although this hierarchy is characterised by a blurring between different occupational categories, Parkin locates the major line of class cleavage between the manual and non-manual groups (Ibid., 24-5). Social and symbolic elements interact with the directly material inequalities between these categories. The former, while derived in the last analysis

from the latter, have a degree of determining autonomy and "react back" upon the reward hierarchy itself. They are thus not, for Parkin, simply epiphenomenal. The normative and social components of class constitute, rather, the social mechanisms by which the dominant class seeks to preserve its rewards and privileges within the sphere of distribution. Class struggle, accordingly, represents an attempt to gain access to or control over the social institutions which govern the distribution of advantages. Such institutions, eclectically listed, include the educational and productive systems and the various elements of the state (Ibid., 26).

Now in addition to the inequalities associated with the differential scarcity-value of occupational categories within the division of labour, Parkin identifies a source of inequality stemming from the ownership of property (Ibid., 23 and 123). As we have seen, however, the significance of or social stratification of the market is, for Parkin, that it is through it that the incumbents of occupational categories are able to exploit the scarcity-value of their skills and thus gain advantageously differential rewards, this being the measure of class position.

It is clear that there is an unresolved problematic in Parkin's thesis. On the one hand, occupational categories are seen to be the crucial element of social stratification, "the backbone of the class structure" (Ibid., 18). On the other hand, the ownership of property is presented as a quite separate source of inequality in the structure of differential rewards, as is apparent when Parkin notes that income from property is more unevenly

distributed than that from occupation. Both are assessed in terms of a common factor: their implications for the reward hierarchy. Nevertheless, Parkin makes no attempt to theoretically account for the relationship, if any, between the two sources of inequality. The relationship between them is left unexplained, is not even recognised as a problem to be theoretically resolved.

The source of this ambiguity lies precisely in Parkin's attempt to locate classes in the sector of distribution and in the very bifurcation of property ownership and reward structure that this interpretation assumes. Class structure, for Parkin, is a structure of unequal rewards, the roots of which lie in the occupational order, together with the institutional and political arrangements which reinforce it. Property ownership is effectively appendaged as an auxiliary determinant of rewards. This theoretical impression is epitomized in his characterization of "the present system based on private ownership of productive property and a free market economy" (Ibid., 123). The methodological eclecticism that Parkin criticizes at the level of the elements of stratification (age, sex, etc.) (Ibid., 16-7) thus re-emerges in his own work in the context of its sources. Property and occupation assume the form of independent determinants, related only through their effects on a common reward hierarchy.

In fact, Parkin's identification of class with the differential distribution of rewards through the market is essentially a variant in the Weberian model discussed above. It also recalls J. S. Mill's statement that "The laws and conditions

of the production of wealth partake of the character of physical truths", whereas "the distribution of wealth depends on laws and customs of society". (6) The common factor is the primacy or autonomy attributed in all three cases to distribution in the analysis of class structure.

In the broadest sense, however, it is misleading and erroneous to radically separate the social relations of property ownership and the distribution of "rewards" on the other in this way. In capitalist society, that is to say, the means of subsistence accrue to labour in the form of wages, profits being initially distributed among industrial capitalists, financiers and landlords. Without the wages system and the private ownership of property on which it rests, such a form of distribution of rewards between labour and the various fractions of the capitalist class would be impossible.

In this sense distribution may be said to be determined by the social relations of production, by the prevailing and dominant form of property ownership. Within the given context, empirical variations in the relative distribution of rewards both between and within the broad categories of wage-earners and property owners can and do take place. Marx thus observed that

"... the periodical resistance on the part of the working men against a reduction of wages, and their periodical attempts at gaining a rise of wages, are inseparable from the wages system." (7)

The 1960's, for example, saw a decline in the real proportion of total national income going to wages and salaries in Britain. (8)

Such variations, however, concern adjustments within an enduring structure of distribution, the character and limits of which are circumscribed by the prevailing form of capitalist ownership. To isolate reward hierarchy as the primary element of class structure, as Parkin does, is to abstract that structure of visible inequality from its wider context. And to identify occupational categories and property ownership as totally differentiated and independent sources of reward is to further mystify that relationship between distribution and consumption on the one hand, and property ownership on the other.

At the heart of Parkin's model of capitalist class structure is, in fact, a particular conception of social power. To his credit, Parkin views power as immanent in the structure of social inequality rather than exogenous or independently determined. At the same time, however, it is conceived in terms consistent with and reflecting his distributional model of social stratification. Thus he notes

"..... power need not be thought of as something which exists over and above the system of material and social rewards; rather, it can be thought of as a concept or metaphor which is used to depict the flow of resources which constitutes this system. And as such it is not a separate dimension of stratification at all." (9)

The conception of power defined in this way, however, can proceed no further than a descriptive account of the market flows of distribution in any given situation. As a result Parkin can only

conceive of and interpret a transformation of the structure of social power in terms of a change in the distribution of society's products. He writes, concerning the Soviet Union and its satellite states

"... the party has been able to bring about a thoroughgoing transformation in the reward structure of former capitalist societies". (10)

Parkin generalizes this observation into a thesis which, holding consistently to the view that reward hierarchy is the primary criterion of stratification, conceives of a dichotomy between socialist egalitarianism on the one hand and characteristically Western political pluralism on the other.

"Egalitarianism seems to require a political system in which the state is able to continually hold in check those social and occupational groups which, by virtue of their skills or education or personal attributes, might otherwise attempt to stake claims to a disproportionate share of society's rewards". (11)

The most effective way to do this, Parkin adds, is to deny such groups the right to organize to pursue their claims. Through the various state agencies the dominant class has a greater ability to "govern the allocation of rewards than have members or representatives of the subordinate class" (Ibid., 27).

Both Parkin's models of class and state, as well as his conception of the range of possible historical alternatives are thus circumscribed by his identification of social stratification

with "reward hierarchy" or the structure of unequal distribution. Marx spent a great deal of time, however, explaining that these "rewards" are in themselves an objectified expression of the social relations of production characteristic of the society in question. The material products of a commodity-producing society, that is to say, reflect the basic production relations of that society in so far as, through the exploitation of labour-power by capital, they reproduce that relationship in the form of a relationship between things. Parkin's distributionist conception of class thus portrays the social relations of capitalism, but in a mystified form. His failure to adequately incorporate property ownership into his model, his attribution of a high degree of determining autonomy to the occupational structure, and his conception of the primacy of relative market scarcity in the determination of class structure together produce an inverted, static, ahistorical picture of the dynamics of capitalist society. The capitalist market, a structure and vehicle of inequality, is depicted as the source of that inequality itself. It is as if money were attributed with the power to "multiply" independently of its character as an externalized, fetishized form of the exchange relations of commodity production. We will return to and draw out some of the implications of this essentially static model of capitalist social structure, and in particular its relation to Giddens' thesis, in our concluding Summary.

In the case of Giddens, a different aspect of the market is abstracted from the totality of the capitalist production and reproduction process. Like Parkin, Giddens attaches considerable

importance, for the emergence of common class situations, to the scarcity-value of the various attributes that social actors bring to the market encounter. He does not, however, make Parkin's error of assessing class itself primarily in terms of the resultant structure of unequal reward. Rather, he is concerned directly and more consistently with actual social relations in the sphere of market interaction. The scope of preoccupations of his study call for a more systematic assessment than does the work of Parkin, and we will accordingly give more detailed consideration to his thesis.

Giddens initially sets himself the ambitious task of analysing "the problem in sociology: the question of classes and class conflict". (12) Now whereas Marx was primarily concerned with the social relations of production that characterize capitalism, a sociological interpretation of class will focus attention on "social relations" in general, and in particular on the level of immediate (market or otherwise) interaction. (13) Giddens' principal problematic in The Class Structure of Advanced Societies is what he terms "the structuration of class relationships". (14) In explicating this process he adopts Weber's notion of "social class", which he re-formulates as

"... a cluster of class situations which are linked together by virtue of the fact that they involve common mobility chances, either within the career of individuals or across generations." (15)

Giddens' concern with "class situation" leads him to focus attention on the market capacity of members of particular "social classes" in so far as they struggle within the market structure of competitive

capitalism for "scarce returns". (Ibid., 104) It will be our contention that it is Giddens' eclectic criteria for analyzing "class structuration" that lead him to locate class at the point of encounter in the capitalist market in this way.

In his model of the structuration of class relations Giddens distinguishes its "mediate" and "proximate" aspects. The former refers to the "overall connecting links" between particular market capacities on the one hand and the actual formation of identifiable classes on the other: the latter concerns more "localised" factors, the distribution of mobility chances in particular. (Ibid., 107)

Concerning mediate structuration, Giddens identifies three types of "market capacity" that are of particular determining importance. These are the ownership of productive property, the possession of educational or technical qualifications, and the possession of manual labour-power. Giddens relates these three factors to the upper, middle and lower or working classes of the "basic three-class system in capitalist society". He further locates three sources of proximate structuration in the division of labour of the productive enterprise, the authority relations within the enterprise, and the influence of distributive groupings relating to the consumption of economic goods.

Now, while he at one point posits that the "central focus of class relations" is "founded in production" (16), it is apparent that Giddens principal concern is the definition and analysis of class at the level of market encounter. Individuals confront one another on the market with diverse attributes which have a greater or lesser degree of scarcity value. The possession or non-possession

of these marketable attributes, along with the proximate factors noted above, determine the way in which common class situations emerge. The "structuration" of classes and their relations thus becomes contingent upon a number of unevenly located determinants, as is clear in Giddens' claim that it is "facilitated to the degree to which mobility closure exists in relation to any specified form of market capacity". (17) As with Parkin, Giddens thus reveals eclecticism in his account of the sources of class structure.

Through this model Giddens systematically shifts attention away from the Marxian view of class as rooted in the social relations of production, a view to which, as we have seen, he pays formal lip-service. This becomes explicit when he asserts that Marx

"...failed to recognize the potential significance of differentiations of market capacity which do not derive directly from the factor of property ownership." (18)

Market capacity, in Giddens' usage, refers to "all forms of relevant attributes which individuals may bring to the bargaining encounter".

In fact, however, Marx was well aware of the importance of explaining how the different elements or moments of the production cycle, including the various aspects of exchange, are related to one another. His view was that their relationship is of an essentially unitary nature. Thus, in the Grundrisse he writes

"The conclusion we reach is not that production, distribution, exchange and consumption are identical, but that they all form the members of a totality, distinctions within a unity." (19)

Unlike Giddens, however, Marx, while maintaining the relative determining power of the other moments, drew consistent conclusions from his identification of the source of the whole cycle, and consequently the roots of classes, in production.

"Production predominates not only over itself, in the antithetical definition of production, but over the other moments as well. The process always returns to production to begin anew." (20)

For Marx, productive industrial capital is the primary determining moment of the total process because it is only at this point, as against the stages corresponding to money-capital and commodity-capital, that not only the appropriation but also and simultaneously the creation of surplus value is a function of capital. (21) Only here in actual production, in other words, are the elements, both in terms of materiality and of value, for further rounds of the whole cycle of extended reproduction actually generated. And it is on this productive function that the other aspects of the cycle are absolutely dependent.

Specifically concerning the type of market attributes with which Giddens is concerned Marx wrote

"It is clear that the exchange of activities and abilities which takes place within production itself belongs directly to production and essentially constitutes it." (22)

Given the primacy of production in the total cycle, in other words, particular skills and attributes should be viewed as aspects of the labour-power of their "owners" within a specific historical mode of production. To take Giddens' example of the formal qualifications

of the middle class, for example, Marx prophetically, it may be said, located their source of material support in the rising mass of profits that he saw to accompany extended competitive capital accumulation and the increase in social productivity. (23)

The conditions necessary for the support of the middle classes, in other words, and for their characteristic mode of involvement in the capitalist market are dependent upon and in the last analysis determined by the degree of development of the productive potential of that society. The "recognized skills" which Giddens correctly, if a static moment of the accumulation process is being considered, sees to be important in influencing market capacity are, we repeat, aspects of labour-power, which in turn draws its particular character from its relation to production. Giddens' market-encounter orientation toward "class structuration" is, in the last analysis, indicative of confusion concerning the question of determination in society. Its roots, moreover, may be detected in his earlier, "non-applied" study Capitalism and Modern Social Theory which should be considered as a companion or at least preparatory work.

In Capitalism and Modern Social Theory Giddens correctly stresses the importance that Marx attributed to the importance of the market forces of supply and demand in the determination of prices. (24) In the later work, on the other hand, he contends, as we have seen, that Marx underestimated the significance of the "market capacity" of economic actors in the bargaining encounter. This capacity, central to the structuration of class relations, is seen as used to secure economic returns on the basis of the "scarcity-

value" of individual's "attributes" for which there is a demand. The logic of Giddens' argument is that the price of, for example, labour-power, the "attribute" of the worker, is determined by its scarcity-value, thus understood, as he brings it to the market at a given level of demand.

Yet this in fact is precisely what Marx contended.

Writing generally of commodities, his view was that "Supply and demand create the market-price". (25) The price, as distinguished from the value, of labour-power, is, he argued, like that of any other commodity, determined in this way.

"Supply and demand regulate nothing but the temporary fluctuations of market prices. They will explain to you why the market price of a commodity rises above or sinks below its value The same holds true of wages and of the prices of all other commodities." (26)

Yet Giddens, in his later work, claims to be correcting an under-estimation of the importance of this aspect of the working of capitalism on Marx's part.

A key to Giddens' inconsistency can be found, we feel, in his discussion of Marx's theory of alienation. Here Giddens, albeit cautiously, isolates alienation in the labour process and that of the worker from his product as two sources of alienation in capitalist society. He terms them "technological" and "market" alienation respectively. (27) While locating the source of both in the capitalist division of labour, he suggests that for Marx it was only through the overcoming of the latter that the former would

be abolished.

Now this distinction in fact corresponds with Marx's own distinction, developed in Capital, between the Division of Labour in Manufacture and that in Society. (28) In Giddens' Class Structure, however, "technological alienation", seen in the earlier work as associated with occupational specialization and work fragmentation, and as essentially dependent upon and subordinate to "market alienation", assumes autonomy in the determination of the capitalist class structure. We will attempt to identify the ontological assumptions in Giddens' work which structure this effective bifurcation of Marx's concept of alienation and, to express the same process differently, lead Giddens to a revision of his model of determination.

In the Economic and Philosophical Manuscripts Marx identifies four aspects of alienation: the alienation of the workers from his product, from the act or process of labour itself, from his species-being, and from other men. (29) All four aspects are, for Marx, expressions of "the act of estranging practical human activity, labour". Alienation is seen as the process whereby man objectifies himself in practice in the world in conditions under which his products become external powers in relation to himself. It is, that is to say, a unitary phenomenon, deriving its unity from the capitalist mode of production, a consequence of the very conditions of production.

"We took our departure from a fact of political economy - the estrangement of the worker and his production. We have

formulated this fact in conceptual terms as estranged, alienated labour. We have analyzed this concept - hence analyzing merely a fact of political economy." (30)

Alienation is, in this way, conceived in terms of Marx's materialist ontological model of human essence and practice, the elements of which are succinctly expressed in this Theses on Feuerbach. Man makes history, but not in conditions of his own choosing.

Giddens, by contrast, endorses L. Mumford's view of man as a "mind-making, self-mastering and self-designing animal". (31) In order to illustrate this voluntaristic, "consciousness-orientated" characterization of man's social being, Giddens, echoing Weber's interpretative analysis of capitalism, specifies "industrialism" as the application of calculative rationality to production. Counterposing this interpretation to Marx's view of "tool-using and production" as the basic element of specifically human life, he rejects the "myth" that "industrial man was made by the machine".

It is at this point, however, that Giddens' seriously misrepresents Marx's analysis. Marx was not primarily concerned with "industrial man", nor with any other such non-relational abstraction per se. His theoretical concern was to lay bare the social relations of production, the relations of ownership and exploitation, together with the law of motion that characterize specifically capitalist industrial society.

Now Giddens offers a definition of "industrial society" (a social order in which "industrialism", or the transfer of inanimate energy sources to production through the agency of

factory organization, predominates in the production of marketable goods)(32) which is neutral as regards social relations of production. His accompanying definition of capitalism, on the other hand, incorporates some of the key features of Marx's analysis (in particular, the pursuit of profit, private ownership of the means of production, and the existence of a market).(33) His idiosyncratic characterization of contemporary Western society as "post-Marxist", but neither "post-capitalist" nor "post-industrial" (34) is, when unravelled, particularly revealing. Giddens' contention, essentially, is that the Marxist association of the exploitation of wage-labour and its potential for revolution no longer holds. He suggests that

"The revolutionary potential of the working class depends on the initial encounter with capitalism, not upon the maturity of the capitalist mode of production." (35)

While Giddens hold open the possibility of a renewal of class conflict in a political form (36), he considers that the development of social democracy, oligopoly and long-range state planning together constitute changes deep-going enough to speak of the present period as one of "neo-capitalism". (37) Keynesian state intervention, he suggests, is able to transform capitalism's crisis-proneness into a relatively minor series of economic fluctuations, while a whole series of inter- and cross-class "tensions" are seen to undermine the potential for a transition from working class economism to overt revolutionary confrontation. (38)

Again, however, we are brought back to the same "static",

abstracted interpretation of capitalism that we saw in Giddens' analysis of class structuration. The pursuit of profit, correctly perceived by Giddens as inseparable from capitalism, is conceptualized in total isolation from the obstacles it encounters in the actual historical development of that system. The present global recessionary tendencies attendant on a now well-documented international profitability crisis, the demise of the post-war system of liberal trade, the collapse of fixed exchange rates in the monetary sphere, and the last decade's experience of an intensification of the wages struggle within leading capitalist countries tell a tale quite different from the relative stability of Giddens' neo-capitalism. What is absent from that model is precisely the anarchic features of capitalist society that, if ignored, leave the present condition of the Western world quite inexplicable. Profits, we must stress, are not simply an "essential trait" of capitalism, as Giddens suggests. They are specifically the life-blood of extended capital accumulation and are increasingly under pressure on an inter-national scale. The qualitative transition of class struggle from economism is not, as Giddens correctly points out, unproblematic. What is totally unproblematic, however, is the utopian character of his general characterization of late capitalism as more rather than less stable than its earlier forms.

We will conclude our assessment of Giddens' theses with a summary suggestion that two closely related sources of mystification converge in his discussion of "industrial" and "capitalist" society.

Firstly, a voluntaristic and consequently indeterminate model of human species-being.

Secondly, an interpretation of capitalism which, while formally conceptualizing some key characteristics of capitalist social structure, views it as an abstraction, but above all statically rather than concretely as the developing, conflict-ridden system that it so transparently is.

The connection we see between these two features of Giddens' work is as follows. His market model of class structure, in the first place, is essentially individualistic, the totality of incumbents of a "class situation" being basically a numerical aggregate rather than a socio-economic category. In this context, his identification of labour-power as a commodity (39) is undermined by his characterization of "social class" as a cluster of class situations with common mobility chances. This aggregative-individualistic model of class structuration is clearly consistent with Giddens' image of man, "mind", "self", etc., being individual properties, albeit socially located and determined (or, as Giddens has it, "governed" (40)).

Furthermore, his Keynesian-influenced model of "neo-capitalist" stability assumes the triumph of rationality at the level of systems-management. Man's "self-mastering", that is to say, includes the peaceful conquest of his social environment despite the continued hegemony of essentially unplanned capitalist property relations.

A primarily voluntaristic image of social man can thus be seen to underpin and direct Giddens' analysis of the structure of

capitalist society. We will suggest in a later section ("Political Economy and the British State") that the contradictions of that structure are rapidly undermining the central contentions of Giddens' study.

SUMMARY.

Both Giddens' and Parkin's accounts of the class structure of contemporary capitalism, we have argued, divert attention away from the more fundamental structuring relations of production by their respective bases in variants on the Weberian exaggeration of the autonomy of the capitalist market. In the case of Parkin, a model of class structure is elaborated which locates stratification within and in terms of the differential distribution of rewards. With Giddens, the centrality attributed to market-scarcity, together with an explicitly-stated image of social man, results in a model of social structure determined first and foremost at the point of market encounter.

For both, however, the positivistic concern with particular aspects of observable market relations serves to obscure the source of the differential patterns of inequality that they discover there. Both the occupational reward hierarchy and the structure of market "bargaining", we suggest, reflect and are expressions of an already existent class structure.

In the first case, differential distribution, mediated and reinforced by ideologies of skill and responsibility, both between and within classes, is by and large in correspondence with the actual structure of capitalist ownership and command, as is amply demonstrated in the wealth of empirical studies on economic inequality. (41) The ideological importance of preserving the present pattern of distribution is, moreover, apparent from the

negligible redistributive effects of government incomes policies in, for example, post-war Britain. Such a pattern, essentially unaltered by past and present Social Democratic governments, is a major obstacle to the systematic transformation of economism and sectionalism into a thorough-going critique of and struggle against the root source of inequality. Such a development would constitute a specifically political counter-part to the prevailing dominant form of "market" confrontation that has been theoretically transformed by Giddens from a form of class struggle characteristic of a long economic "boom" period into a major determinant of class structure itself.

The possibility and actuality of both "market capacity" and "reward hierarchy", we will conclude, assume and are structured by the determining prior existence of the capitalist mode of production. By abstracting their analysis from this underlying necessary condition, the exponents of "market sociology" are, in effect, reproducing the mystifications of neo-classical economics. (42)

The need to develop a critique of this approach is underlined and given urgency by the dilemmas of contemporary capitalism, and it is as a contribution to such a critique that this section is intended.

CAPITALISM, SOCIAL CLASSES AND "MARKET SOCIOLOGY"

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7. K. Marx (1973c), 71.
8. As we shall elaborate in our later section "Political Economy and the British State".
9. S. Parkin (1972), 46.
10. Ibid., 184.
11. Ibid., 183.
12. A. Giddens (1973), 19.
13. A still valuable critique of this positivistic dimension of bourgeois social thought is elaborated in H. Marcuse's "Reason and Revolution". Our concern here is a much narrower area of social theory, that of "market sociology".
14. A. Giddens (1973), 105. See also, A. Giddens (1974).
15. Ibid., 48.
16. Ibid., 221.
17. Ibid., 107.
18. Ibid., 103.
19. K. Marx (1973b), 99.
20. Ibid., 99.

21. K. Marx (1967), 57.
22. K. Marx (1973b), 99.
23. See the selection of passages on this theme, especially from the "Theories of Surplus Value", in M. Nicolaus (1967).
24. A. Giddens (1971), 48.
25. K. Marx (1959), 187.
26. K. Marx (1973c), 27.
27. A. Giddens (1971), 228-9.
28. K. Marx (1972b), 369-80.
29. K. Marx (1973d), 106-119.
30. Ibid., 115.
31. A. Giddens (1973), 262.
32. Ibid., 141.
33. Ibid., 142.
34. Ibid., 19.
35. Ibid., 280.
36. Ibid., 292.
37. Ibid., 156-64.
38. Ibid., 292.
39. Ibid., 142.
40. A. Giddens (1971), 41.
41. See, for example, R. Miliband (1973b) for the empirical details.
42. For a critical discussion of neo-classical economics, see Rowthorn (1974). It was concerning such theories that Marx observed:

"... in the formula land-rent, capital-interest, labour-wages, for example, the different forms

of surplus value and configurations of capitalist production do not confront one another as alienated forms, but as heterogeneous and independent forms, merely different from one another but not antagonistic. The different revenues are derived from quite different sources, one from land, the second from capital and the third from labour. Thus they do not stand in any hostile connection to one another because they have no inner connection whatsoever."

(K. Marx, 1972c, 503)

The contemporary relevance of Marx's comments derives from the recent revival of the specifically market-orientated sociological positivism epitomised by Giddens' work.

III SOCIAL CLASS AND AUTHORITY. THE CASE OF RALF DAHRENDORF.

I N T R O D U C T I O N.

Inseparable from Weber's sociology is the fatalistic assumption of the necessity of domination, in one form or another, in social structure. At the same time, however, Weber's analysis of the class structure of capitalist society is articulated specifically in terms of and at a particular level of economic action. Ralf Dahrendorf, by contrast, has abstracted the conceptual field of authority from the totality of Weber's work and elaborated a comprehensive theory of class structuration wholly in terms of it. It will be our contention that Dahrendorf's social theory, while having superficially responded to the massive social changes in the capitalist world during the last decade or so is, as a corpus of work, flawed by its metaphysical assumptions concerning this primacy of authority relations in conflict group formation.

Central to his mystified representation of social reality is Dahrendorf's persistent failure to examine the class formations which emerge from the interaction of man with nature through particular historical modes of social production. In order to demonstrate this we will identify the misleading evaluation of Marx's work which pervades Dahrendorf's analysis and the liberal ideological influences which, at vital points, structure it and divert from the actual sources of power and conflict in capitalist society. Finally, it will be argued that Dahrendorf's scheme cannot be adequately revised on the basis of his own initial assumptions, as a recent paper by J.H. Turner has suggested. (1) Rather, the

metaphysical nature of his contentions can only be critically assessed from a diametrically opposed viewpoint which systematically identifies and examines capitalism as a form of society in which the principal structural cleavage derives from the private ownership of productive property and not as Dahrendorf holds, the possession of authority.

DAHRENDORF AND MARX. THE TACTICS OF MISREPRESENTATION.

In Class & Class Conflict in Industrial Society

Dahrendorf presents his theory of "integration and values" on the one hand, and "coercion and interests" on the other, as the embodiment of "the two faces of society." (2) He argues that two schools of sociological thought, each, claiming the ability to explain the problem of how societies cohere, have historically stood in conflict. Both the "Utopian" school, stressing consensus of values, and the "Rationalist" school, stressing force, domination and constraint, thus "advance claims of primacy for their respective standpoints."

Dahrendorf asserts that both models have, for the solution of particular sociological problems, equal explanatory validity. He proceeds to argue, however, that in recent years sociological thought has been excessively dominated by integration theory. In particular, he criticizes Parsons for the essentially one-sided nature of his "Utopian" analysis.

Citing the East Berlin revolt of 1953 as evidence of an aspect of society quite inexplicable on terms of such theory, Dahrendorf similarly challenges the universal explanatory

power of coercion theory as a sociological approach. The two models, he claims constitute complementary rather than alternate aspects of social structure. The model of a "Janus-headed" society, in other words, is Dahrendorf's methodological starting point.

His principal concern in "Class & Class Conflict, however, is to explain the aetiology of organized antagonistic social "on the assumption of the coercive nature of social structure." (3) Dahrendorf's intention is to explain a particular set of problematic social phenomena in terms of the Rationalist constraint, as opposed to the Utopian or Consensus model. His main thesis is that the coincidence of economic and political conflict, as stressed by Marx, has ceased to exist in "post-capitalist" societies. The theoretical basis of this claim is Dahrendorf's redefinition of class in terms of an aggregate of incumbents of similar or identical positions of authority, within particular associations. A critical assessment of this thesis, we will argue, entails the application of Marxist analysis to social reality, in order to expose the metaphysical nature of Dahrendorf's proposition. His case, however, rests largely on a confused and confusing interpretation of Marx. Marx must thus be initially rescued from Dahrendorf if the latter's work is to be meaningfully evaluated.

In his discussion of the essential equivalence of Rationalist and Utopian social theory Dahrendorf cites Marx as an example of the Rationalist school. "He assumed", Dahrendorf notes, "the ubiquity of change and conflict as well as domination and subjection." (4) As a prelude to a

critical examination of Dahrendorf's own theory of class conflict, we will look at his account of Marx's analysis of social class. We will argue that in this presentation Dahrendorf completely misinterprets the essence of Marx's work, giving analytical primacy to his political sociology, an aspect which in the context of Marx's work as a whole is predicted (though by no means in a mechanical way), upon his political economy. To examine Marx's formal statements on the formation of economic classes in capitalist society without serious consideration of his theories of commodity production, surplus-value and exploitation is, on a fundamental sense, to miss the central point of Marx's life work. This, however, is precisely what Dahrendorf does.

Dahrendorf lists the factors which he sees to be of particular importance in Marx's theory of class. He identifies the supposedly heuristic nature of the theory, its "basic characteristic" of being an essentially two-class model, and the source of classes in the ownership and non-ownership of the means of production. In addition he notes the identification of economic and political power, the historical emergence of two major "class situations", the realization of classes as such when and only when they are organized in political conflict, a view of class conflict as the dynamic of social change, and finally an image of society in which systematic conflict is "an essential feature". (5)

As indicated, however, these factors are when examined primarily concerned with what may be termed the political sociology of Marx. While Dahrendorf correctly identifies Marx's view that classes derive their existence from the ownership or non-ownership of the means of production, (6) he

persistently avoids any detailed analysis of Marx's body of work on the production and market dynamics of capitalist society. A rare and formal reference to the way in which Marx emphasized the "free" sale of labour, the production of surplus value, mechanized factory production "along with private property and the existence of social classes as fundamental to capitalist society" (7), does little to alter or augment this absence of analysis. Neither does Dahrendorf's selected quotation from Capital, the essence of which is the equally formal statement :

"The specific economic form in which unpaid surplus labour is pumped out of the immediate producers determines the relation of domination and subjection as it grows directly out of and in turn determines production." (8)

While adequately identifying Marx's overall assumptions concerning systems of social production in general such selective quotations simply indicate the theoretical starting point for Marx's analysis of capitalism as a concrete mode of production with concrete features. Dahrendorf's analysis, however, at no point goes beyond this level of generality and abstraction.

That Dahrendorf sees Marx's theory of class to be an essentially heuristic device, for example, ignores the fact that Marx also saw classes as historically bound, "objective" socio-economic formations arising from the social relations of production in particular societies. Thus capital, essentially a relation of production :

"arises only where the owner of the means of production and the means

of subsistence find in the market
a free worker who offers his labour
power for sale." (9)

To view Marx's theory of class as essentially heuristic is, in fact, quite consistent with Dahrendorf's effective divorce of Marx's political economy (to which Dahrendorf only briefly and formally refers) on the one hand, and analysis of class formations on the other. Both, for Marx, were intimately related theoretical explanations of actual patterns of social relations. Dahrendorf, however, by effectively severing them, reduces Marx's notion of class to a speculative and unlocated sociological category, upon which the other "features" of his work (such as the identification of political and economic power) appear mechanically predicated. His almost exclusive concern with Marx as a political sociologist thus serves to shatter the internal consistency of Marx's theory. In addition, it diverts attention away from Marx's analysis of commodity production in capitalist society, the starting point of Capital and clear evidence of his concern to explain, in theoretical terms, actual social relations of production. (10) That Dahrendorf attributes to Marx's concept of class a purely heuristic status thus serves to conceal the one-sidedness of his account of that concept.

The same one-sidedness of analysis is apparent in Dahrendorf's comments on the tendencies of change supposedly identified by Marx in his analysis of capitalist society. The processes in question may be termed those of class polarization, proletarian pauperization, progressive intra-class "levelling" and the tendency of capitalism towards revolutionary supercession.

In the first place, Dahrendorf quotes and comments on a passage from the Communist Manifesto which refers to the polarization of capitalist society into the "two great hostile camps" of proletariat and bourgeoisie. (11) Dahrendorf, however, ignores the evidence that in his later work, informed by a mature political economy, Marx's model of advanced capitalist society had developed radically to incorporate "the constant increase of the middle classes." (12) This theoretical advance derives from the labour theory of value as applied to long-term tendencies within capitalism. In particular, Marx predicted that with the growing social productivity of labour there would be simultaneous rise in the mass and decline in the rate of profit. The rate of profit tends to fall because, while labour power is the source of all value, the inherent competitiveness of capitalism generates a steadily rising proportion of constant capital (machinery) to variable capital (wages), thus persistently (though not necessarily without interruption), diminishing the relative size of the value producing component of production. It was on the basis of the rising mass of profit that the expanding middle class sector could, for Marx, be supported. Dahrendorf's brief remarks are, however, untouched by such considerations. As such they are unable to seriously consider, let alone challenge, Marx as a political economist.

Dahrendorf quotes from Capital to assert that as the two "great hostile camps," polarize, their class situations become "increasingly extreme." He deduces that according to the "so-called theory" (sic) of pauperization, "the poverty of the proletariat grows with the expansion of production by virtue of a law postulated as inherent in a capitalist economy." (13)

Again, Dahrendorf's conclusion is invalidated by a more careful examination of Marx's work. In Capital Marx wrote :

"In manufacture the enrichment of the collective worker, and therefore of capital, in the matter of social productivity, is dependent upon the impoverishment of the workers in the matter of their individual powers of production." (my emphasis D.B.) (14)

The context of this observation is Marx's analysis of large-scale industry, which detaches science from labour, making the former an independent force of production and "pressing it into the service of capital". He goes on to quote approvingly a passage from Ferguson, comparing the workshop to "an engine, the parts of which are men". What Marx is discussing thus emerges as the qualitative deterioration of the life-situation of the working class as, with scientific and technological development, it becomes more and more subject to the specifically scientific exploitation of its labour power by capital.

Furthermore, Marx elsewhere speaks of a worker's wages as that part of his product :

"required for the maintenance and reproduction of (his) labour power, be the conditions of this maintenance and reproduction scanty or bountiful, favourable or unfavourable." (my emphasis D.B.) (15)

Even in the narrow sense of wages, then, pauperization for Marx is relative rather than absolute. This formulation is consistent with and derives from Marx's materialist view that human needs are essentially historical products to use Marx's terminology, the value of labour power includes "ahistorical and a moral factor." (16) While the working class has, in a number of countries, suffered an absolute decline in its living standards (17), this is not what "pauperization" in its broadest sense meant for Marx. His concern was to depict the contradiction between the developed nature of the means of production and the increasing alienation of the direct producers in the face of them. This insight is quite different from Dahrendorf's mechanical and simplistic interpretation.

When Dahrendorf considers the question of the increasing homogeneity within the two major classes of capitalist society he attributes to Marx a prediction concerning "the reduction of all workers to unskilled labourers by the technical development of production." (18)

What Marx in fact argued, however, was that with the development of the "automatic factory" there is :

"a tendency towards the equalisation or levelling down of the work which the assistants of the machinery have to perform." (19)

"In so far as the division of labour reappears" (my emphasis - D.B.) in this situation, however, Marx locates it in the

distribution of workers among the specialized machines. He identifies the "main cleavage" to be that between the minders of machines and their attendants. In addition, he speaks of a scientifically trained "superior class of workmen." While referring to this emerging division of labour as "purely technical," Marx thus at no point postulates the general and all-embracing de-skilling of the working class incorrectly attributed to him by Dahrendorf. In the first place, "equalisation" is specified by Marx to be a tendential development. And secondly, Marx never imagined that either capitalism or its historical successor would do away with technology, requiring skill and training, as vital to production. Dahrendorf, in short, attributes an unwarranted utopian element to Marx's analysis.

More recently, Dahrendorf has asserted that in Marx's work :

"the terminology of economics serves above all to express disgust in a seemingly objective manner and thus to impress those other dreamers of a world without all the nasty realities of economic life, without capital and wage labour, without the alienated reality of money and the exchange value of human effort, without even a division of labour to speak of, the unpolluted world of non-economic man." (20)

To merely list some of the key concepts of Marxist analysis in this mechanical way, however, is not to examine their theoretical validity in relation to social reality, let alone to offer a systematic critique of them. As with the question of the "equalisation" of labour, he unjustifiably accuses Marx of a fundamental utopianism. Marx, in fact, was concerned with the analysis of historical societies, capitalism in particular, on the basis of their structure and tendential movements as they derive from underlying patterns of socio-economic relations. His occasional remarks concerning the nature of hypothetical social relations in communist society are informed by the assumption that the anarchy of capitalist production on the one hand, and the crippling effects of capitalism's division of labour on the other, will have been abolished in the historical act of revolution. All this, in turn, assumes a high development of the material forces of production. Or, in Trotsky's succinct formula, "a society which from the very beginning stands higher in its development than the most advanced capitalism." (21)

To identify Marx with "those other dreamers of a without all the nasty realities of economic life" is to ignore, for example, his comments in the 1870's on the Eisenacher socialist faction. In the Critique of the Gotha Programme he criticized their utopian notion that workers should directly receive the "undiminished proceeds" of their labour on the grounds that deductions are necessary to cover replacement costs of the means of production, expansion of production,

and any unexpected expenses that may arise. (22) Perhaps one need only agree with Dahrendorf's comment on the passage quoted above (23) that "This is a caricature, to be sure." The basis of this caricature is a view of Marx as primarily a political sociologist at the expense of any serious analysis of his political economy. Dahrendorf's formal allusion to Marx's notion of a classless society (24), thus fails to examine Marx's claim to have discovered, on the basis of the labour theory of value, actual developments within capitalism which determine its tendency towards crises and breakdown. Within this questionable focus of attention, moreover, Dahrendorf commits a number of serious misreadings and misunderstandings concerning key and important sectors of Marx's analysis. Particularly relevant for this critique are the distortions discussed above concerning class in Marx's work.

CLASS REVISITED.

While unsatisfactorily offering a critique of Marx's usage of class, however, Dahrendorf seeks to preserve and develop the concept as such. He defines class as a category for the analysis of conflict-orientated formations with systematic roots in the structure of society. (25) Whereas Marx held that classes are rooted objectively and materially in the social relations of production, Dahrendorf's innovation is to view classes as aggregates of the incumbents of identical or similar positions within particular relations of authority. (26) For Dahrendorf the identification of particular authority roles and their

characteristics constitutes "the first task of conflict analysis." (27) His basic unit of theoretical analysis is the Weberian "imperatively co-ordinated association, "characterized by internal relations of legitimate authority, and within which the dominant and subjected groups have difference and opposing interests. (Ibid., 176) Using a scheme incorporating "quasi-groups" and "interest groups". Dahrendorf constructs an elaborate and systematic model of the transition from "latent" to "manifest" interests. This model both augments and flows from the logic of his initial assumption concerning the primacy of legitimate relations of authority as a determinant of class interests and conflict. It is on this theoretical assumption that Dahrendorf's analysis of the class dynamics of "industrial society" must stand or fall.

A recent work by Giddens (28) contains a critique of Dahrendorf's thesis as outlined above. His critical comments, while on the whole of value, ignore or barely touch upon important weaknesses in Dahrendorf's work, weaknesses which Giddens's book in fact shares. Nevertheless, they are useful as a starting point for discussion, and will be used in this context for that purpose.

Giddens challenges Dahrendorf's model in terms of both its claims to account for the social reality of class conflict and its internal consistency. (29)

Concerning the former, Giddens attacks both the Dichotomous nature of Dahrendorf's model, and its inherent tendency to shift attention away from the problem of "classlessness". Giddens further points out that Dahrendorf's model neither implies that there is any necessary conflict of interest between dominant and subordinate authority groups, nor that special attention should be paid (as it is in Class and Class Conflict) to the areas of the state and industry. These weaknesses on Dahrendorf's exposition all share a common source in his initial attempt to substitute authority for property ownership as the key determinant of class relations. They all raise substantive problems of sociological method, however, and as such must all be considered independently. At the same time, it is their common link with Dahrendorf's assumptions concerning the nature of social class that gives them special relevance and significance for the concerns of this critique.

Giddens' initial criticism challenges Dahrendorf's assumption of the dichotomous nature of authority relations. He seeks to correct what he sees to be the theoretical erudity of Dahrendorf's rigid dichotomy between possession and non-possession of authority by postulating "a graded hierarchy of relationships." (Ibid., 72)

While this criticism is essentially correct, it

it should be pointed out that Dahrendorf does empirically recognize the widespread delegation of authority in many associations, such as the states. (30) His comments remain at an empirical level, however, and thus leave his fundamentally dichotomous model of authority relations unaltered. They do not fundamentally alter the polarized nature of his revised model of class.

Further, Dahrendorf's analysis of authority relations in no way implies the necessity of conflict of interest over authority which he posits. (31) Whereas for Marx the opposition of interest between classes derives from the generation and appropriation of surplus value, Dahrendorf's theory allows the sociological possibility of permanent, voluntary and consensual cooperation around a set of fundamental and enduring shared interests. His model of society as conflictual and his image of class as an aspect of a relationship of authority are, in other words, mechanically and arbitrarily paired and have no intrinsic connection.

Dahrendorf's notion of class, moreover, implies and even posits an indeterminate plurality of classes, corresponding to the interest aggregates in each and every imperatively coordinated association. (32) His effective restriction of analysis to "the two great associations of the state and the industrial enterprise (33) is an intuitive and arbitrary decision and, as with his assumption that classes are inherently conflictual,

constitutes a major hiatus in his theoretical edifice.

As Giddens points out, Dahrendorf's view of class "directs attention away from the contrast between 'class' and 'classlessness' as conceived in Marxian theory." (34) (41) Dahrendorf's image of society and the classes which compose it assume the a priori necessity of relations of authority, and since he defines classes in terms of such relations the notion of "classlessness becomes both a logical and a sociological impossibility. Giddens's ensuing claim that "we do not make any significant theoretical gains by substituting 'authority' for 'class'" (35) is an understatement. Dahrendorf's shift of emphasis, I will argue, represents a mystification at the theoretical level. His conceptual myopia as regards the notion of classlessness, however, follows directly from his view of class and is quite consistent with it.

DAHRENDORF AND CAPITALISM.

While Giddens's remarks constitute a useful corrective to some of Dahrendorf's theoretical weaknesses, inconsistencies and ambiguities, a more thorough-going critique requires a shift of attention to aspects of social reality quite untouched by the former's analysis. In particular, Dahrendorf's decision to sever his analysis of imperatively coordinated associations, especially when he considers industrial enterprises,

from the broader economic context in which they operate, results in a decontextualized and mystified portrayal of the constraints which persistently operate on those associations.

Concerning the analysis of societies as totalities Dahrendorf notes :

"total societies can present the picture of a plurality of competing dominant (and, conversely, subjected) aggregates." (36)

But what, it must be asked, does this really mean? At its simplest, different associations may at certain times find themselves in competition or, by extension, conflict with one another. To state this, however, is to state a mere truism. What is lacking is an explanatory account of the concrete conditions and forces which make actual dominant groups compete with their equivalents in other associations at particular points in time.

Marx described how the general functioning of social production and the market under capitalism is quite independent of that system's individual components, whether human individuals or industrial enterprises are selected as the units of analysis.

"Whereas, on the basis of capitalist production, the mass of direct producers is confronted by the social character of their production

in the form of strictly regulating authority and a social mechanism of the labour process organised as a hierarchy ...among the bearers of this authority, the capitalists themselves, who confront one another only as commodity owners, there reigns complete anarchy within which the social interrelations of production assert themselves only as an overwhelming natural force in relation to individual free will." (37)

That Dahrendorf at no point gives either empirical or theoretical consideration to the fundamental autonomy of capitalism indicates the narrowness of his field of analysis when measured against the range of factors operant.

Within this anarchic economic framework, competition is and remains a key feature, even with the progressive centralization of capital. As Marx notes :

"The development of capitalist production necessitates a continuous increase of the capital invested in an industrial undertaking; and capitalism subjects every individual capitalist to the immanent laws of capitalist production as external coercive laws. Competition forces him continually to extend his capital for the sake of maintaining it, and he can only

extend it by means of
progressive accumulation." (38)

Dahrendorf's liberal image of a plurality of competing dominant interests both appears and is quite metaphysical when faced with the actual structural imperatives imposed by capitalism, the general scenario of productive activity in societies where ownership of the means of production rests in private hands. Capitalism and the historically bound patterns of social relationships that derive from it, in short, represent a dimension of social reality left unexplored in Dahrendorf's work.

ON THE QUESTION OF POWER.

The central problematic in Dahrendorf's work, we will now suggest, is his treatment of the phenomenon of power in society. Dahrendorf's own view is that scientific research is characterized by what he terms "problem consciousness". What I mean, he explains :

"is that at the outset of every scientific investigation there has to be a fact or set of facts that is puzzling the investigator." (39)

At no point in Dahrendorf's work, however, is power systematically treated as a problem to be examined by scientific methods. Parallel and intimately related to his reduction of class relations to authority relations is his notion of stratification as ultimately derived from normative evaluation. Metaphysics in this

way replace science as the methodological basis of Dahrendorf's analysis. This mystification at the level of methodology underlies the major errors and inconsistencies in his analysis of, to use his own terminology, "industrial society."

Throughout his work Dahrendorf repeatedly refers to the divergent interests which characterize modern society. At the outset, it will be noted that after he wrote Class and Class Conflict an important shift of emphasis took place in the model he used for the analysis of authority relations. Briefly, he came to argue increasingly for the essential superiority of the coercion or conflict model. (40) This recognition of the importance and centrality of social conflict itself reflects the increasing militancy of workers which characterized the whole developed capitalist world in the late 1960's and, to an even greater extent, the early 1970's.

The notion of "the plurality of interests in society and their contradictory character" is a recurrent theme in Dahrendorf's work. He introduces a quite different element of finality and what I will term sociological absolutism, however, when he posits the inherent inequality of society. In On the Origin of Inequality among Men, for

example, he argues that social stratification is a universal phenomenon. "Human society", the logic goes, "always means that people's behaviour is being removed from the randomness of chance and regulated by inescapable expectations". These expectations or norms, based on the operation of sanctions imply for Dahrendorf that

"there must always be at least that inequality of rank which results from the necessity of sanctioning behaviour according to whether it does or does not conform to established norms." (41)

For Dahrendorf, then, social norms and sanctions are the basis not only of "ephemeral individual rankings" but also of "lasting structures of social positions." This, in its bare outlines, constitutes Dahrendorf's explanation of the empirically correct observations that :

"Even in the most affluent society it remains a stubborn and remarkable fact that men are unequally placed." (42)

The enduring nature of the particular inequalities of capitalism is inexplicable in terms of this theory, however. In the first place, Dahrendorf's assertion is incorrect: it is in fact behaviour that is subject to sanctions, although all human behaviour takes place within and is mediated by a system of more or less visibly coercive social relations which find their expression in "positions". The significance of Dahrendorf's

view that norms are, in the last analysis, the basis of ranking, emerges when it is remembered that he attacks Parsons for presenting an almost identical explanation. (43) Even within his own assumptions, therefore, there is a profound and unresolved inconsistency in Dahrendorf's work concerning the relationship between norms and social ranking.

The fundamental weakness of Dahrendorf's theory becomes apparent when he attempts to identify the primary obstacle to the realization of the "pure" market model of society.

"Plainly there is some force that persistently interferes with the pure realization of market-rational principles, something that makes it impossible to play the market-rational game according to purely formal rules. This force can be identified; it is power, and the social consequences of power." (44)

At no point, however, does Dahrendorf attempt to explain in theoretical terms precisely what constitutes the source of power itself. He defines power as :

"the ability, by virtue of social roles, to make and enforce norms influencing the life chances of others." (45)

On the question of how and why such structured relations of

legitimate authority emerge Dahrendorf is persistently silent. A circular, tautologous argument explains power in terms of the authority relations which it was introduced to explain. Power, in short, is left unaccounted for. It is, rather, defined in terms of Dahrendorf's assumption of the nature of social institutions as imperatively coordinated associations and introduced, in a quite enigmatic and mysterious manner, seemingly above or beyond theoretical analysis.

When, perhaps unaware of the circular nature of his explanation, Dahrendorf does offer a solution to the problem of power-as-a-problem, the result is unconvincing and, in terms of its sociological content, arbitrary.

"Perhaps we must indeed assume something like Kant's 'unsociable sociability' of man in order to find a convincing argument for the universality of ruling and serving." (46)

This "explanation" is rendered inadequate on at least two grounds. Firstly, it is ahistorical. Any explanation of power which fails to account for both the different modes of rule (in terms of the social composition of the dominant and subject groups) and types of rule (for example relying on accepted authority, or on a more or less widespread use of violence) is neither of operational use nor of explanatory power. Secondly, it is metaphysical in so far as it seeks to define the "essence" of man in an abstractly-formulated concept which relates concretely neither to aspects of his biology nor to features of his social and/or natural environment.

Dahrendorf, in fact, defends his analysis of power and social stratification on the grounds that its presuppositions, the existence of norms and the necessity of sanctions, "may be regarded as axiomatic." (47) These norms cannot be "regarded as axiomatic" if they are to have any genuine explanatory as opposed to purely definitional and assertive content, however. The fallacy which sustains the whole myth of "power" in Dahrendorf's work is exposed when he asserts :

"In the last analysis, established norms are nothing but ruling norms, that is norms defended by the sanctioning agencies of society and those who control them." (48)

Where, one may ask, does this differ from Marx's view that the ruling ideas in any society are those of the ruling class? Since, for Dahrendorf, conflict between different ruling groups within the same society is a feasible situation, "the expression 'ruling class' is, in the singular, quite misleading." (49) In the same work, however, he actually identifies a political ruling class in the form of the state administrative staff, the governmental elites at its head, and those "interested parties" represented by them. (50)

This schema cannot, however, account for the "most general authority" from which it claims bureaucracies borrow or are delegated their authority. Dahrendorf argues that the governments of Western societies are often "mere switchboards of authority; decisions are made not by them but through them." (51) This logic leads him to

conclude that the ruling class is fundamentally a changing body of interest groups and individuals assuming power on a transient, often electoral basis.

What this argument misses, however, is the basic fact that in capitalist society (private ownership of the means of production remains its fundamental structuring feature) the same structurally rooted interest groups typically preserve and maintain their positions of relative strength or weakness over time no matter which party or "veto group" is in power. The following table, spanning almost half a century, demonstrates this continuity.

CHANGES IN THE DISTRIBUTION OF WEALTH IN BRITAIN,
1911-13 to 1960

YEAR	PROPORTION OF WEALTH OWNED BY THE TOP		
	1%	5%	10%
1911-13	69	87	93
1924-30	62	84	91
1936-38	56	79	88
1954	43	71	79
1960	42	75	83

(52)

These figures indicate a small but persistent decline in the proportion of reported wealth of the top 1% and, to a lesser extent, the top 5% of the population over the period in question, although the same tendency is less conclusive when the top 10% is considered. Glyn and

Sutcliffe have similarly demonstrated that when the period 1870 - 1970 is viewed as a whole, the position of labour has improved relative to capital using changes in the share of wages in output as an index. (53) This shift in the pattern of distribution has taken place within the context of continuing capitalist property relations, however, and as such represents no change in the overall structure of social relations of production, in the structured relations between individual social actors "in so far as they are personifications of economic categories, representatives of special class relations and class interests." (54)

The social reality of capitalism thus gives the lie to Dahrendorf's account of the ruling class. Renner has demonstrated how, after the decline of feudalism the transition from simple commodity production to the accumulation of capital as such was accompanied by a change in the function of property, even while the laws relating to property underwent no corresponding change. As the social process of production increasingly derived its unity from capital, the legal detention of the means of production was progressively transferred to the employers of direct producers. These employers, at the same time, progressively ceased to perform any productive labour themselves. (55)

Social patterns increasingly assume a systematic nature with the labour-capital relationship as the basis of the new synthesis. In particular, the private owners of productive property preserve their structural position as an exploiting class as long as that property remains in private hands. The sanctity of private property is maintained by

the law and its agencies, as Renner has demonstrated, and is ideologically reinforced in a variety of ways. Quite in contradiction to Dahrendorf's view, authority is in this way derived from factual relations of production. Thus, in his celebrated discussion of Homo Sociologious, he at no point attempts to explain the genesis of roles, the general theory of which he elaborates at some length. (56) His discussion totally lacks an account of the nature of the societies in which particular roles operate. On a rather more concrete level, he asserts, in Class and Class Conflict, that :

"For the industrial worker, the labour contract implies acceptance of a role which is, inter alia, defined by the obligation to comply with the commands of given persons." (57)

To, admittedly bluntly, demystify this contention, Dahrendorf brakes his analysis before the point at which an explanation of the way in which an employer (capitalist) buys on the market the labour power of a worker (propertyless labourer) and of how this economic relationship determines their mutual role expectations, becomes necessary. This abrupt analytical halt is consistent with and determined by Dahrendorf's conception of class, a conception which is myopic to the way in which the relationships he examines are circumscribed and, in the last analysis, determined by wider, especially market; patterns of structured influence and constraint. By abandoning the analysis of the range of

types of authority which reinforce and legitimize particular types of social relations of production, (58) Dahrendorf abandons the theoretical problem of the roots of authority in social power and, as a consequence, the source of that power itself. The key to this mystification is the reification of authority as a sociological category. And its consequence is an image of society as a structure of mutual and reciprocal legitimate expectations for which no origin or source is indicated.

DAHRENDORF, KANT, AND THE GHOST IN THE MARKET PLACE.

Parallel and closely related to Dahrendorf's failure to systematically examine power as a social phenomenon are the liberal philosophical and political assumptions which permeate and, in a vital sense structure his work. The essence of the liberal world-outlook is the fundamental right of the individual to develop his own personality and potentialities with the minimum of repressive interference from outside agencies. Or, as Mill expressed this leading idea :

"To give any fair play to the nature of each, it is essential that different persons should be allowed to lead different lives." (59)

This principle is taken up by Dahrendorf when he asserts :

"Only one thing remains certain: that if the new rationality is to be compatible with human freedom, it must be market rationality." (60)

Since he has already specified the "market" or "liberal" pattern to be that which seeks "a maximum yield at a minimum cost - for example, a maximum of individual happiness with a minimum of political decision", (Ibid., 217) the liberal basis of his choice of preference is clear and unmistakable. His revealing example relates directly to the ethics of political liberalism.

Now while such an ethic may ideally (that is under a set of hypothetical "ideal" social relationships) be a liberating principle, its validity as a methodological tool for sociological analysis is marginal. In particular, it is oblivious to the asymmetrical distribution under the capitalist form of production.

In Uncertainty, Science and Democracy, for example, Dahrendorf asserts the fundamentally uncertain nature of human knowledge and draws the corollary that "freedom for conflict" is a necessary precondition of "the just society". (61) But while he formally accepts that science concerns the realm of the true and, he stresses, is a verifiable procedure, Dahrendorf's analysis fails in key areas to operationalize his implicit dictum of the desired objectivity of sociological explanation. In particular, he fails to examine the observable regularities in the social relations of production. His notion of "freedom for conflict" neither recognizes nor explains the labour-capital relationship which directly and materially reveals the central conflict of bourgeois society.

Similarly, he suggests that the rules of conflict

regulation can only "serve their function" when the two sides are able to compete "on an equal footing". (62) The outstanding structural feature of capitalist society, however, is that the two major classes, property owners and the propertyless, do NOT compete on an equal footing. Dahrendorf proceeds by constructing an ideal-typical model of "equal" conflicting groups and then formally-virtually in parentheses - suggests that in some instances this may not in fact be the case. A more transparent case of ideological exposition would be difficult to find in his work. The reality of social exploitation is systematically and persistently ignored.

Dahrendorf's liberalism shows itself, in a quite different way, in his critique of role theory in Homo Sociologiosus. Having outlined the essential elements of role theory, he argues that man is "not merdly the sum of his characters". (63) Dahrendorf polemically raises the philosophical issue of free will versus determinism and posits the Kantian solution that both views are :

"simply different ways of comprehending
the same subject, ways that derive
from different sources of knowledge." (64)

He reiterates, in other words, Kant's notion that the two aspects of man, the noumenal and the phenomenal are complementary rather than mutually contradictory. (65)

What Dahrendorf has done here, however, is to introduce into his analysis a speculative and highly intuitive

assumption which posits a fundamental dualism inherent in human nature. This assumption in no recognizable way relates to either his model of conflicting class aggregates, nor his assumption that authority is the determining element of those classes.

Why, we may ask does he do this? The answer may be implied in his suggestion that Sociology, with its deterministic image of man, may have become :

"a promoter, or at least an
unprotesting supporter, of unfreedom
and inhumanity." (9) (66)

Dahrendorf's uncomfortable reiteration of the Kantian view of human nature, it becomes apparent, provides a theoretical framework with which to rescue human freedom, without which he would be left with only "the horrible phantom of the totalitarian society." (67) This random image is introduced as a deus ex machina, an ontological assumption quite unrelated to his underlying model and image of society. It is systematically related to neither his structural analysis of society on the one hand, nor his image of man in society on the other. It is, however, both compatible with and evidence of his underlying liberal values, values which are linked to his Sociology in a purely mechanical way. As such it is directly analogous to his acceptance of the uncertainty principle and his preference for the "market" model of society. And as such it both suffers from and evidences the same fundamental weakness: a partial and inadequate account and explanation of power in society. (66)

THE SPECIFICITY OF ALIENATION.

Critically assessing the "hypostatized regularities" of sociological theory, Dahrendorf concludes :

"This is why an image of man may be developed that stresses man's inexhaustible capacity for overcoming all the forces of alienation that are inherent in the conception and reality of society." (69)

The basic problem with this plea for human liberation is that it is predicated on a fundamentally unsatisfactory explanation of the social forces which produce the assumed condition of alienation in the first place. Dahrendorf, it will be remembered, revised Marx by identifying the dynamic of class conflict in relationships of authority. Marx began Capital with an account of the social production of commodities and, throughout that work, traced and outlined the functioning of capitalism as a particular historical mode of social production. In depicting the process of the "self-expansion of capital", he elaborated, in terms of a scientific account of the social relations of production under capitalism, his conception of the alienation of man from himself, his products, nature and humanity.

To posit, however, as Dahrendorf does, that differential "rudimentary inequality" has its source in differential social sanctioning is merely to describe one aspect of social reality at the expense of scientifically examining its nature as a system of social production. Thus he can write :

"I am ...making an arbitrary decision here when I distinguish the distributive area of stratification - the explicandum of our theoretical discussion - from non-distributive inequalities such as those of power. According to this distinction, wealth and prestige belong to the area of stratification, even if they are assembled to a considerable extent by one person; property and charisma, by contrast are nondistributive." (70)

In this short but vital passage Dahrendorf identifies his concern to be the essentially descriptive account of the distributive sector, rather than the analysis of the dynamics of the social relations of production which underlie, though by no means mechanically, the distributive realm and provide the framework for whatever autonomy (via, for example, state intervention) it may have. In the process of doing this he somewhat arbitrarily associates property with charisma. The essential point, however, is that Dahrendorf's failure to deal adequately with social stratification derives from his substitution of metaphysical assumptions concerning authority relations for historically grounded causes of stratification. (71) Marx identified the genesis of specifically capitalist stratification in the process of primary capital accumulation. On the basis of this accumulation capitalism with its special laws of motion, developed into a sui genesis system of social production, truly explicable only in terms of itself. (72) Dahrendorf's account, by contrast, hangs on a transparently metaphysical reification of authority as the key determinant. It is this feature that gives his work, in the last analysis its mystified character.

THE REALITY OF CLASS CONFLICT.

And how, finally, do Dahrendorf's theories square up with the social experience of the last decade? While diplomatically conceding the existence of "countertrends", he contends :

"My thesis is that in post-capitalist society industrial conflict has become less violent because its existence has been accepted and the manifestations have been socially regulated." (73)

The reality of the late 1960's and early 1970's, however, has been one in which increasing labour militancy has been a key feature of the capitalist world. Since 1969, in particular, the incidence of strikes suddenly doubled across most of Europe after having remained more or less static for two decades. In Britain, for example, the number of days per year lost through strikes since World War Two are as follows:-

	('000)	(7)
1945-54	2,073	
1955-64	3,889	
1965	2,932	
1966	2,395	
1967	2,783	
1968	4,719	
1969	6,725	
1970	10,908	
1971	13,558	(74)

Rising labour militancy has intensified this trend, both in Britain and in the developed capitalist world, throughout the early 1970's. Of particular interest is the case of West Germany. Dahrendorf has argued that in that country the practice of co-determination would tend to increase rather than diminish industrial conflict as labour leaders became increasingly involved in management tasks. (75)

Industrial conflict has intensified in West Germany, but for quite different reasons. Co-determination has raised the issue of workers' control but in a manner quite unforeseen by Dahrendorf. A recent Federal Court proposal, applying to the largest 600 or so companies would reduce the proportion of shareholders representatives on their supervisory boards vis-a-vis workers' representatives from two-thirds to one-half. While still at the draft stage, these proposals were denounced and opposed by leading employers as "backdoor nationalization" and even "a threat to the free pluralistic social order in which private property played a decisive part." (76)

The context of this development is a fall in the rate of growth of the German economy since the late 1960's and an outbreak of strikes and militancy in the engineering, printing, public and other sectors. It is these developments in German society as a primarily capitalist country that have led to pressure from the working class to increase their representatives in individual companies' supervisory boards. Capitalism, both nationally and internationally, still rests on the private ownership of productive property. Within it, the structurally opposing groups of labour and capital more or less consciously and coherently confront one another with their rival claims, c laims ultimately rooted in opposing and irreconcilable

interests. It is the fundamental structural contradiction of capitalism and not, as Dahrendorf asserts, the tendency for workers' representatives to become conscious or unconscious agents of the "dominant group", defined in terms of authority relations, that ultimately renders co-determination irrelevant for the resolution of industrial conflict.

Once this has been established, Dahrendorf's attempt to separate the areas of industrial and political power becomes meaningless. "The political state and industrial production," he argues :

"are two essentially independent associations in which power is exercised; and their interrelations are a subject for empirical research." (77)

That there is no simple and mechanical relation between the two spheres was pointed out some twenty years earlier, when Trotsky wrote :

"The social domination of a class (its dictatorship) may find extremely diverse political forms. This is attested by the entire history of the bourgeoisie, from the Middle Ages to the present day." (78)

What is lacking in Dahrendorf's proposition that is present in Trotsky's analysis is the recognition that, since a class is defined by its "independent roots in the economic foundations of society"(Ibid., 30), whatever conflicts or developments take place in the formal political institutions of a society, its class nature remains fundamentally unchanged without a conscious and revolutionary shift in the relations of ownership of the means of production.

Thus, little if any redistributive and egalitarian restructuring occurs in capitalist society even when the state is manned by nominally socialist parties. A comparison of variations in the level of real wages in Britain under the Labour government of 1966-70 and the Conservative government of 1970-73, for example, shows that a mere change of ruling party had little effect.

Real wages rise (adjusted to retail price index) (Yearly).		Sector
Labour	Conservative	
2%	1.7%	Lowest paid manual
2.6%	3%	Top industrial management

(79)

The variations, it is clear, are small, and the overall pattern indicates the marginal impact of social democratic rule on the distribution of wealth within capitalist society. The owl of wisdom may well fly after sunset, but it certainly has not flown yet.

CONCLUSION.

For the notion of power as objectively and historically grounded in the ownership of the means of social production Dahrendorf substitutes a metaphysical and reified explanation of authority relations as the prime determinant of conflicting class formations. For analysis he substitutes, in key areas, selective description. And the overall incompleteness of this description is the source of the mystified nature of his image of how the world looks and works. Dahrendorf's claim to have presented a superior explanation of conflict in "industrial society" to that of Marx rests largely on his distorted and misleading caricature of the Marxist model; a caricature with invalid claims to represent the real thing. The real proof of its weakness, however, lies in its failure to theoretically grasp the nature of capitalism, the fundamental structuring principle of advanced Western society. The consequence of such a perspective, as we hope we have shown, is mystification at the level of theory. Ephemeral representations of social structure, class conflict and the capitalist state parody their originals in the theories of Ralf Dahrendorf.

R E F E R E N C E S

SOCIAL CLASS AND AUTHORITY. THE CASE OF RALF DAHRENDORF.

1. J.H. Turner (1973)
2. R. Dahrendorf (1959), 157-65
3. Ibid., 165. For a concise, preliminary version of Dahrendorf's thesis see R. Dahrendorf (1958)
4. Ibid., 158
5. Ibid., 19-27
6. Ibid., 10, 12, 21
7. Ibid., 37
8. Quoted in Ibid., 13.
9. K. Marx (1972b), 157
10. See our discussion in Part I, Section I, "Marx on the State."
11. R. Dahrendorf (1959), 33
12. See M. Nicolaus (1967). This point is discussed in our preceding commentary on Gidden's work.
13. R. Dahrendorf (1959), 34
14. K. Marx (1972b), 382-3
15. K. Marx (1959), 801
16. K. Marx (1972b), 159
17. See, for example, C. Hill (1969) "In most countries official wage rates remained almost unchanged from about 1580-1640, while prices continued to rise."
18. R. Dahrendorf(1959), 34-5
19. K. Marx (1972b), 448
20. "Sunday Times Weekly Review", 3 rd. March 1974..
21. L. Trotsky (1967), 47
22. K. Marx (1972a), 13. See also Marx's observations in Capital concerning the need for a mode of basic economic accounting under at least the first stage of Socialism (Marx, 1972b, 52).
23. See 20 above.
24. R. Dahrendorf (1959), 35
25. Ibid., 76
26. Ibid., 165. See also R. Dahrendorf (1956)

27. R. Dahrendorf (1959), 166
28. A. Giddens (1973)
29. Ibid., 53-59
30. R. Dahrendorf (1959), 195
31. Ibid., 174.
32. Ibid., 197-8
33. Ibid., 168
34. A. Giddens (1973), 73
35. Ibid., 74
36. R. Dahrendorf (1959), 171-2
37. K. Marx (1959), 859
38. K. Marx (1972b), 651
39. R. Dahrendorf. Out of Utopia (in 1968), 121
40. R. Dahrendorf Market and Plan (in 1968), 220 See also R. Dahrendorf (1967a), 16.
41. R. Dahrendorf On the Origin of Inequality Among Men (in 1968), 169 See also Liberty and Equality (in Ibid.,) 202-4
42. R. Dahrendorf Origin of Inequality (in 1968), 151
43. Ibid., 166
44. R. Dahrendorf Market and Plan (in 1968), 225-6
45. Ibid., 225
46. Liberty and Equality (in 1968), 205
47. Origin of Inequality (in 1968), 171
48. Ibid., 174
49. R. Dahrendorf (1959), 198
50. Ibid., 303
51. Ibid., 306
52. A.B. Atkinson (1972), 21.
53. A. Glyn and B. Sutcliffe (1972), 43-45
54. K. Marx (1972b). Preface to First Edition:
55. K. Renner (1949), 114-122

56. R. Dahrendorf Homo Sociologicus (in 1968), 2-39, 68-72
57. R. Dahrendorf (1959), 249
58. This rejection is quite explicit. Ibid., 168
59. J.S. Mill (1925), 121
60. R. Dahrendorf Market and Plan (in 1968), 231
61. In (1968), 251
62. R. Dahrendorf (1959), 227
63. R. Dahrendorf Homo Sociologicus (in 1968), 75-6
64. Ibid., 79
65. I. Kant (1959) Dahrendorf's turn to Kantian philosophy is not accidental.

Implied by Kant's analytical dualism of noumenal and phenomenal spheres is the proposition that as "phenomenon" the individual is imprisoned in the essentially subjective world of appearance, governed by and subject to the phenomenal laws of nature. Only his rational or phenomenal essence allows him to transcend the dictates of those laws.

"Everything in nature works according to laws. Only a rational being has the capacity of acting according to the conception of laws, i.e. according to principles. This capacity is will....practical reason". (I. Kant, 1959, 29)

As an end "in himself", that is to say, the individual is free to conform with the moral law, the categorical imperative to "Act on that maxim which can at the same time be made a Universal law". Kant was quite aware of the significance of commodity exchange relationships for his anthropological dualism. That relationship, in fact, is central to his conception of the noumenal. To quote :

"That which is related to general human inclinations and needs has a market price. That which, without presupposing any need, accords with a certain taste, i.e. with pleasure in the mere purposeless play of our faculties, has an affective price. But that which constitutes

65. (cont'd)

the condition under which alone something can be an end in itself does not have mere relative worth, i.e. a price, but an intrinsic worth, i.e. dignity." (Ibid., 53)

"Dignity" and the realm of morality, that is to say, supplement the qualities of use-value and exchange-value (schematically separated in Kant's formulation) in order to explain how individual commodity-owners can be "ends in themselves" related to and acting in accordance with universal rational laws. The realm of the market, its clash of exchange, and its objective, coercive relationship to human needs and practice is theoretically transcended through the proposition of the abstract, rational, individual "goodwill". (Ibid., 9). The freedom of the individual is realized only in his apparent or proposed independence from social relations. Human essence thus posed, Kant does not consider the division of labour of commodity-society as an obstacle to freedom: it is, in fact, openly endorsed as a universally progressive dimension of social development. (Ibid., 4). Such a position is consistent with Kant's philosophical portrayal of the ideological abstract individual of bourgeois society. It is a conception that finds expression in Dahrendorf's anthropological dualism.

66. R. Dahrendorf Homo Sociologicus (in 1968), 81

67. Ibid., 85-6

68. Dahrendorf's liberalism finds more systematic and elaborated expression in his recent work The New Liberty (1975). Here, however, Dahrendorf's discussion of the problems of contemporary society - most notably inflation, pollution and the danger of nuclear war - is, as in earlier works, informed by a Popperian conception of liberty both in science and in wider social practice. His solutions, however, are no less abstracted and indeterminate than the propositions of his previous studies. The "new liberty", for example, is defined as "the politics of regulated conflict and the socio-economics of maximising individual life-chances." Again, formulations of this nature do nothing to indicate the nature of advanced capitalism's specific conflicts and the potential for their resolution.

68. (cont'd.) The problems associated with Dahrendorf's earlier works, in short, are by no means resolved in his latest contribution. (See also R. Dahrendorf, 1974, 698-9)
69. R. Dahrendorf Sociology and Human Nature, A Postscript to Homo Sociologicus (in 1968), 102
70. Origin of Inequality (in 1968), 155
71. A recent paper by J.H. Turner similarly notes that Dahrendorf in rejecting Marx's analysis of objective class interests, "forfeits a genuine causal analysis of conflict." (J.H. Turner, 1973, 239). Turner's tentative solution is to "revise" Dahrendorf's schema so as to include "a series of propositions that indicate the conditions under which legitimized role relations in imperatively coordinated associations create antagonistic relations of domination and subjection." Such a reformulation leaves the ideological basis of Dahrendorf's schema quite untouched, however. Mere internal elaboration of his analysis does nothing to alter the unscientific nature of his conception of class structuration.
72. See K. Marx (1973b) 102
73. R. Dahrendorf (1959), 257
74. R. Hyman (1972), 27
75. R. Dahrendorf (1959), 263
76. "Financial Times" 9th April, 1974
77. R. Dahrendorf (1959), 257-266
78. L. Trotsky (1968), 47
79. "Sunday Times", 24th February, 1974.

IV. BUREAUCRATIZATION TECHINOCRACY AND THE STATE.

INTRODUCTION. BUREAUCRACY AND VON MISES : THE PROBLEM POSED.

The group of writers whom we shall term collectively the theorists of the "technocratic state" all adopt, either as actuality or as a historical potential, the formal Weberian equation of rationality at the level of social action on the one hand and at that of social structure and organization on the other. In addition, they share an interpretation stressing the further reproduction of this rationality both within the state institution and between it and wider society. A further common characteristic is the explicit or implicit assumption of a changed capitalism, the crux of which is the more or less total surpassing of that system's crises and the related "irrational" ruptures in the historical process. Co-existent with this view, however, is a recurrent note of sociological pessimism.

By contrast, Von Mises radically rejects Weber's characterization of the contemporary world as one of a general secular trend towards increased rationalization and a more systematically bureaucratic organization of social life as a whole. Blau has suggested that the importance of Von Mises lies in his attribution to the rise of bureaucratic government the growth of bureaucratic tendencies, as well as of crises and disproportion, in industry. (1) While Von Mises did hold this view, however, a more central aspect of his work is the radical analytical division that he draws between the two sectors of private property and government.

In the former, the major structuring principle is "management directed by the profit motive". (2) The only imperative within the hierarchical structure of the capitalist enterprise is to seek profits and this, Von Mises suggests, imposes strict rationality on branch managers and other key policy-makers. The cash-nexus between employer and employee, as well as between buyer and seller, is purely "matter of fact" and impersonal. It is, that is to say, in principle subject to calculation.

In the case of public administration, there is no such necessary connection between expenditure and revenue. What is involved is the management of administrative affairs, "the result of which has no cash value on the market." (Ibid., 47) Such provisions may have a "value", measured by other interia, but they have no market cash price, can be neither implemented nor assessed by economic calculation, and consequently cannot be judged by the interia of a profit-seeking enterprise.

Von Mises in this way radically differentiates two types of activity, the capitalistic and the bureaucratic, their respective qualities deriving from their respective structural contexts. To quote :

"The quality of being an entrepreneur is not inherent in the personality of the entrepreneur, it is inherent in the position which he occupies in the framework of market society." (3).

The activities of the bureaucrat, by contrast, are determined by rules and regulations which are "beyond his reach." Efficiency in government and in industry are, consequently, qualitatively different and incommensurable.

At the same time, however, Von Mises does recognize that state expenditure is ultimately, circumscribed and limited by the degree of profitability of the private capitalist sector. He observes :

"The truth is that the government cannot give if it does not take from somebody. A subsidy is never paid by the government out of its own funds; it is at the expense of the taxpayer that the state grants subsidies." (4)

In addition, he concedes that contemporary society requires bureaucrats, who are a crucial and necessary feature of the capitalist order. Bureaucratic tendencies if unchecked, however, constitute a threat to that order, and Von Mises accordingly characterizes bureaucratic management under democracy as "management in strict accordance with the law and the budget." (Ibid., 43)

Nevertheless, the radical analytical division between bureaucratic and profit orientated management is central to Von Mises' thesis, and it allows him to avoid the pessimism of many theorists of the Weberian school. Despite his concession that capitalism requires

a controlled bureaucratic element, Von Mises explicitly and polemically characterizes the undesirable and even destructive consequences of its unchecked development in the following terms.

"Bureaucratization is necessarily rigid because it involves the observation of established rules and practices. But in social life rigidity amounts to petrification and death." (5)

Since, however, for Von Mises bureaucratization is not a general law or tendency of contemporary social development, and since its inherent sphere is that of controlled expression within the specifically state apparatus, he can perceive a means to contain it and thereby avoid its supposedly undesirable consequences for economic life. This means constitutes effectively, a repudiation of the "mixed economy" and an endorsement of competitive, laissez-faire capitalism (118-9)

It is through his radical differentiation between the rationality of capitalist enterprise and the structuring principles of the bureaucratic state apparatus that Von Mises effects this defence of an "ideal", unconstrained capitalist economy, and thus avoids the conclusions of Weberian pessimism and fatalism.

FATALISM, TOTALITARIANISM, AND ECONOMIC INTERESTS.

It is precisely this note of fatalism that has

characterized much of the political thought of the last century on bureaucratic state organization. Central to this work has been the question of the compatibility between an ascendant mode of bureaucratic administration and domination on the one hand, and democratic political organization and procedure on the other, 3 major positions have been adopted concerning this relationship.

The "Liberals" "pluralist" interpretations have tended to stress that, given an adequate counterveiling tendency, usually either in the form of a system of checks and balances or more specifically of the democratic vigilance of the electoral public at large, there is no inherent problem in securing a civil service or state bureaucracy that will carry out, as a more or less neutral instrument, the will of its elected political masters. (6)

The "Marxist" accounts have, adopting the perspective outlined in Marx & Engels' "German Ideology" and Lenin's "State and Revolution", by and large viewed the state bureaucracy as effectively under the control of the bourgeois ruling class in capitalist society, and consequently with a low degree of social independence and autonomy. (The exceptional case of Bonapartism, especially as discussed by Marx and Poulantzas is discussed elsewhere in this thesis).

The "Pessimistic" line of thought, by contrast, lays

greater emphasis on the growing importance of the bureaucracy, in particular though not exclusively in the state sector, as an independent social and political force. Largely deriving from Weber's analysis of the prevailing development of "disenchantment" in the contemporary world and the parallel ascendancy of bureaucratic organization and domination, the proponents of this school of interpretation have tended to view bureaucratic power as a central fact of modern life about which little can be done. Whether evaluating this development favourably (Galbraith), critically (C.W. Mills), or rather more ambiguously (Weber), the "given" datum of bureaucratization is commonly viewed as tendentially inherent in contemporary social structure and development.

The direct focus of attention and concern of these theorists has varied considerably. Michels, for example, was particularly concerned with the concentration of power in democratic mass political parties. (7) Central to his thesis is the view that this consolidation of power is effected largely through the relative strength of full-time "professionals" within such organizations in relation to their wider membership. The "pessimistic" conclusions that he drew from his observations are most succinctly expressed in his celebrated "iron law" of oligarchy". Mosca, on the other hand, attempted to show the more or less inevitable centralization of power in a specifically socialist state, a centralization resulting in a freedom from control by the mass democratic

institutions for those in the elite positions within the political apparatus. (8)

C.W. Mills was concerned to demonstrate the inability of both traditional liberal and Marxist explanations to account for contemporary political and cultural developments. He speculates :

"Great and rational organizations - in brief, bureaucracies - have indeed increased, but the substantive reason of the individual at large has not. Caught in the limited milieux of their everyday lives, ordinary men often cannot reason about the great structures - rational and irrational - of which their milieux are subordinate parts." (9)

Mill's analysis, then, centred on the consolidation of power in bureaucratic, centralized organisations and structures, dominant over and alienating the individual. He saw this development as common to both capitalist and Soviet-type societies. (10)

Despite such variations and differences, however, the theorists in question share a view of the consolidation of bureaucratic power as a social and political force in the contemporary world. On this point they are closely related to the theorists of "totalitarian" and "mass" society, a perspective which stresses the governing of

masses by an inaccessible political elite. To a large extent impressed by the experience of 20th Century Fascism and Stalinism, the proponents of this view frequently grounded their analyses in a theory of social and structural change. S. Newmann, for example, identifies the two principal sources of 20th Century dictatorships as the rise of "mass democracy" with the extension of suffrage, and the parallel breakdown of traditional social institutions. Despots, he argues, aim both to gain leadership in the "mass state" and also to provide substitutes for the institutions undermined in the process of the breakdown of a fixed social order with the of industrialization and urbanization. (11) Arendt, similarly, stressed the social atomization resultant upon the degeneration of the traditional bourgeois order. With the effective collapse of the capitalist social structure, society is transformed into an atomized and unorganised mass, vulnerable to mobilization by totalitarian movements. (12)

In general, the "totalitarian" theorists lay great emphasis on this supposed transition from a class-based society to one characterized primarily by masses. This perspective has a long and influential theoretical tradition, finding expression in Durkheim's analysis of moral poverty and social disintegration (anomie) as well as in Tönnies' conceptual distinction between Gemeinschaft and Gesellschaft. Tönnies' discussion of social actors' orientation towards the social collective is of particular relevance to the concerns

of the totalitarian theorists. Gemeinschaft - structured associations, he suggests, are those in which "natural will" predominates. In the Gesellschaft type, by contrast, "rational will", or the predominance of intellect or reason, is the primary characteristic. (13) Now for Tönnies, the "collective" is both an objective phenomenon and an aspect of consciousness. It is manifested in diverse ways, such as forms of life, customs and religion. It is, Tönnies argues, Gemeinschaft-like if members see the social grouping as a gift of nature or as the will of God, the Indian caste system being his chief example. On the other hand, it is Gesellschaft-like if members' consciousness is primarily directed towards the attainment of ends which they perceive to be and claim as distinctively their own. Tönnies cites as an illustration the situation in which different social strata stand against one another as classes. In such a situation no "natural masters" are acknowledged. (14)

Tönnies attaches particular importance to the development of capitalism. Previously, he suggests the whole life of the social collective was nurtured by and arose from the "profoundness of the people (Volk)". With the emergence and spread of capitalist social relations, however, bourgeois society cannot, without betraying itself, admit or acknowledge its uniqueness as a Gesellschaft collective in contradistinction to the mass of people. It can only claim to be representative of society as a whole. Consequently, the hiatus between this Gesellschaft of the wealthy and the poverty of the

majority, while it may be narrowed, cannot be essentially changed. (15)

It is from such theoretical models that the "totalitarian" theories derive their overall perspective. The supersession of community-based society by one in which atomized and particularistic interests and orientations come to dominate is, as we saw in the cases of Neumann and Arendt, central to the historical schemas constructed by the "totalitarian" school. The collapse of community is a condition of atomization and mass mobilization.

The chief objection which we would raise against this type of analysis is its tendency to often mechanically identify the absolute primacy of political over economic totalitarian movements. A polarity is perceived between the atomization of the masses on the one hand, and their mobilization by despotic or totalitarian individuals or groups on the other with the disintegration of a traditional social order.

The "totalitarian" theorists often draw attention to the importance of economic factors in the functioning of the decaying social structure. Arendt, for example; indicates the typically capitalistic character of the pre-totalitarian social structure. (16) The actual structuration of totalitarianism itself, however, is perceived largely, and often crucially, as a primarily political process, quite abstracted from economic forces and interests. This is especially the case in Neumann's

study Permanent Revolution. A more satisfactory and adequate approach is adopted in F. Neumann's study of the social structure of Fascist Germany, Behemoth. (17) F. Neumann is concerned to examine, among other aspects of Hitler's Germany, the "totalitarian monopolistic economy." He concretely examines the organization of business in the Third Reich, documenting some of the central features of monopoly capitalism. Also, he examines the role of the Nazi Party and State in the German economy, identifying the dominance of "party industrialists" combines, and the state control of production, prices and investment. Such controls, it may be noted, are characteristic of any capitalist war economy, a similar degree of state economic involvement having developed in Britain during World War Two.

A picture emerges from "Behemoth" of a society characterized by a remarkable political structure, but a structure the major decisions of which were for the larger part motivated by economic, and in particular capitalistic, interests and forces. This interpretation, consistent with the now well-documented close relations between big business and the political structure during the Nazi period (18), calls into question the primacy attributed to politics and political processes in Neumann's earlier study and more generally in a wide range of variants on the dictatorship-masses thesis.

Now Lenin often used the formula that politics is "concentrated economics". What he meant by this was that when economic interests and processes assume a conscious

and generalized character they enter into the field of politics and, in fact, constitute its essence. The sphere of politics, that is to say, both expresses and rises above the everyday, atomized and frequently unconscious forms of economic activity. In this way, different class interests find their expression in and may materially support favourable political movements and tendencies. Critically commenting on the early experiences of the Russian Social Democratic movement Lenin observed :

"The principal sin we commit is that we degrade our political and organizational tasks to the level of the immediate, "palpable", "concrete" interests of the everyday economic struggle." (19)

Different social classes, that is to say, have different objective interests which correspond to different and conflicting forms of political programme. Within the working class, in particular, the common status of wage labourer defines and reveals the interests of its incumbents as against those of the property-owning class. The appropriate political programme of the working class, the socialization of the means of production, accordingly "unites" the various "differentiated" elements within that class which otherwise characteristically find expression in sectionalism and economism. It is in this sense that a Marxist analysis of class formations views politics as "concentrated economics". The primacy of the former derives from its relationship to, and its character as a means to express and give organized coherence to, the prevailing structure of socio-economic relations which

sustain and are a necessary condition of political action. This perspective in no sense implies a fetishistic conception of politics as a fully autonomous sphere; independent from the network of class and economic interests. It offers a more adequate explanation of "totalitarianism" movements such as those of twentieth century Fascism than the abstracted political analyses that we have discussed above. We will return to this point in the context of the social basis of "bureaucratic domination" in our critical discussion of the "technocratic state" theorists.

BUREAUCRACY, IRRATIONALITY AND THE TECHNOCRATIC STATE.

Our particular concern, however, is to indicate the central elements of the Weberian and neo-Weberian bureaucratic and technocratic theories of state organization, and to assess their relevance for an evaluation of the post-war pattern of state and class relationships in the advanced capitalist societies, in Britain in particular. In order to do this we will abstract the key features of the general perspective, drawing on the works of a number of theorists. It should be stressed that not all the theorists in question would endorse some of the particular positions which we identify, but only by producing a composite picture in this way can an adequate characterisation of the frame of reference as a whole be effected.

Central to this perspective is the notion of bureaucratization as underlying the major social and economic developments of modern, advanced societies. Blau, drawing heavily on Weber's work, characterizes bureaucracy as :

"the type of organization designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals." (20)

It is, he observes, an aspect of "the secularization of the world that spells its disenchantment." Contemporary living standards, Blau elaborates, are not due simply to technological developments. Rather, he stresses, again echoing Weber, the introduction of mass production methods, an aspect of increasing "rationalization in administration." The four basic factors which he sees to distinguish bureaucracy as a qualitatively unique mode of authority, a system of rules, and a general character of impersonality. (Ibid., 19)

This overall portrayal of rationality and calculability is central to the body of "technocratic state" theorists. At the same time, however, a number of analyses counterpose to this ascendant rationality a parallel and contradictory dimension of irrationalism. For Weber, the general secular drift of rationalization and bureaucratization was periodically punctuated by social movements distinguished by charismatic leadership. More specifically, he contended

that the bureaucratic permanent civil service must have, at its head, a parliamentarily risen charismatic political leader able to dominate the bureaucracy and check its tendency to consolidate its pwn power position on an independent social basis. With widespread "Disenchantment" masses become particulary susceptible to charismatic leadership.

"Experience shows that the pacifist interests of petty bourgeois and proletarian strata very often and very easily fail. This is partly because of the easier accessibility of all unorganized 'masses' to emotional influences." (21)

In adopting this position Weber is associating his analysis closely with that of the "totalitarianism" theorists. The common element is the perceived duality of rational administration and irrational or unorganized masses. That charismatic leadership, preferably of high calibre, is located at the head of the apparatus of bureaucratic administration constitutes the non-rational counterpart to Weber's "secularization" thesis. At the same time, however, he tended to perceive charismatic leadership as inherently short-term, as his discussion of the "routinization" of charisma demonstrates. (22) Weber's concern with charismatic leadership, that is to say, should not lead to an underestimation of the importance he attached to social institutions and their

dynamics. His analysis of charisma routinization into the form of either traditionalism or bureaucratization implies, as Gerth and Mills have pointed out, the attribution of a heavy causal weight to institutional routines. (23) Nevertheless, this very concern with the problematic relationship between rational-bureaucratic and charismatic elements in social structure and process indicates that Weber's thesis of "ongoing rationalization", while often presented as a general and perhaps irreversible secular trend (24), is counterposed and augmented by a conception of contradictory social pressures towards irrationality.

Arendt similarly observes a fundamental irrationality in the goal of totalitarian movements to transform the world and, above all, human nature. For Arendt this irrationality is grounded in the basis of such movements in ideology and "logicality", or the attempt to explain everything in terms of a single premise, as opposed to "free" thought. (25) Again, Neumann emphasizes the irrationality of totalitarian society's drive to war. Numerous factors, he suggests, combined to bring about the emergence of the "total state". Nevertheless there is a common factor:

"there has been one recurrent theme: boundless dynamics. The dictatorial regimes are governments at war, originating in war, aiming at war, thriving on war...war is inseparable from their meaning." (26)

For Neumann the irrationalism of twentieth century dictatorship reflects the incalculability of armed conflict. He identifies a dominant quality of negativity in the social structure and ideology of such societies, particularly in the form of their anti-parliamentary, anti-capitalist, anti-individualist and anti-rationalist character. Neumann suggests "this sheer negativism represents a focal point of crises elements in modern society." (Ibid., 4) This emphasis on the irrationality and negativity of contemporary mass political movements is a recurrent theme in the works of the "totalitarian" theorists. (27)

While this dialectic of rationality and irrationality pervades much of the work within the broad "technocratic" fields, however, the assumption of a central dimension of calculable, rational activity is characteristic of this perspective. The specificity of bureaucracy to the area of state structure and activity is identified by La Palombara, who defines it as "encompassing all civil servants." (28) Civil servants, in this context, are all persons employed in public or governmental activity. The theorists with whose work we are concerned, however, for the most part relate their model of the bureaucratic technocratic state to a wider portrayal of social structure and, in many cases, social change. It is this interrelation between bureaucratic state tendencies and related features of broader social structure in the theses in question that will be our concern. We will indicate what we see to be the crucial elements of the resultant model, both generally and more specifically

in the case of Galbraith, the technocratic "synthesizer." Finally we will critically assess the composite thesis as a whole, indicating its inability to account for key aspects of contemporary capitalism, and suggesting the source of its explanatory weakness.

ELEMENTS OF THE THESIS.

In addition to the central notion of bureaucratization itself, four particular themes or hypotheses characteristically recur in the various versions of the "technocratic state" thesis. These are: a general technocratic perspective which sees the present state structure and its relations with wider society as more or less inherently and inevitably rooted in the imperatives of "industrial society": the increasing social requirements for systematic provision of intelligence and information with a progressively more complex social organization: the theory of managerialism, which identifies a qualitatively new ruling class of administrators and planners whose hegemony derives in the large part from control of the state apparatus: and the thesis of working class "incorporation" into the structure of advanced capitalist society, an incorporation which involves the abolition, suppression or concealment of earlier forms of class conflict.

As already suggested, these diverse hypotheses are by no means common to all the theorists with whom we are concerned. In fact, a fundamental problem in constructing

this essentially "ideal-typical" model is the obvious heterogeneity of overall perspectives adopted by the authors in question. Nevertheless, we feel that this approach has a value in so far as it abstracts from the diversity of analyses the central elements of a consistent "technocratic state" thesis, and in doing so helps to explain the logic of the model, its often implicit assumptions and implications. A degree of methodological formalism is a consequence of this approach, but our intended purpose recognises this possible weakness and is developed accordingly.

TECHNOCRACY

The thesis that technology has autonomy from the social relations within and by which it is applied has been a central claim by the proponents of the "convergence" theory.

(29) Kerretal. have examined technology as a force fostering unity between diverse and different social systems. At any particular time, they suggest there may be a choice of possible social arrangements, but there is only one "best technology". The same technology, moreover, requires "much the same occupational structure around the world." (30) Occupational order, in other words, is determined directly by the optimal use of technology, independently of the social relations of ownership that may accompany it. Kerretal. emphasize both the influence exercised by occupational role on individual's behaviour and the increasing diversity of occupations with the specialization inherent in industrial development.

The reification of technology and the specifically capitalist division of labour becomes complete when they suggest that with the revolutionary transformation of technology that accompanies advanced industrialism there are :

"no really clear-cut dividing lines visible at all. The occupation takes the place of the class." (31)

Individual's self-identification, that is to say, becomes centred on occupation role rather than socio-economic position within the framework of property ownership and control. This, moreover, is no accident or "false consciousness." For Kerretal, self-identification on the basis of occupational role is derived from real developments in the sphere of technology which condition a particular occupational and social order. That technology is viewed as the "prime mover" of social structure by the authors is apparent from their assumption of a universal pattern of social organization, to which technology intrinsically corresponds.

"Social arrangements will be most uniform from one society to another when they are most closely tied to technology; they can be more diverse the farther removed they are from technology." (32)

We will criticize this thorough-going technocratic position in our overall assessment of the "technocratic state" thesis. Our purpose in reviewing it here has

been to indicate the internal logic of the perspective, in particular its reification of industry and the capitalistic division of labour. "Social arrangements", while at one point viewed as variable, are in general seen to be structured by the imperatives of the industrial system.

The technocratic view of the contemporary state as a more or less necessary companion of developed industrial society per se has been elaborated by E. Strauss. The modern state in almost all its forms, Strauss suggests, derives its character from "two main influences - the needs of an industrial society and its own historical development." (33) While recognizing the importance of the development of a capitalist class and the different outcomes of the resulting power struggles in different national contexts, Strauss emphasizes the importance of the purely technical imperatives imposed by an increasingly complex social organization. The growth of bureaucratic tendencies in Britain, for example, especially in the context of state expansion, are attributed to that state's response to a variety of new functions required of it. (Ibid., 97). These functions are identified from an essentially technocratic perspective. Thus Strauss contends that industrialism everywhere has common "basic needs and requirements." In particular, he identifies a social revolution in the countryside, to satisfy the demands of towns for food and raw materials or to provide for a lucrative export market,

and the development of industry in towns. In these ways a national and international economic system develops, and the original revolution in economic conditions extends to all spheres of social life.

The contemporary state form is, for Strauss, appropriate to and supportive of this primarily "industrial" society.

"Only a rationalized and modernized State could cope with the new tasks thrust on it by the social and economic revolution due to the progress of modern industrialism. This force was embodied in the new middle class of businessmen and their allies among the professional classes who were clamouring for a share in political power." (34)

Strauss considers the struggles for power between different social groups in a number of countries. His rationale for doing this is that political institutions are "fundamentally machines for the conservation and transmission of power." Nevertheless, the power relations between these various groups are seen to be supportive and derivative of, rather than essential to, the development of industrial technique and organization. This becomes apparent in Strauss' discussion of situations of social strain. Social tensions, in particular those between capital and labour, are seen as related to the growth of bureaucratic tendencies. If, Strauss elaborates, the power of the predominant group is

permanently weakened by strong and persistent opposition, the result is a change in "the political balance of the system and the position of the administrative machine of the government" (Ibid., 98-9). In particular, the scope for majority rule after free discussion diminishes, and the potential for dictatorship and "bureaucratic degeneration" grows, bureaucratic degeneration being fostered by a relative equality of strength between conflicting parties in particular organizational situations. (Ibid., 282-3).

For Strauss, then, the sphere of political relations influences the form of state structure, but as a secondary factor. Primary importance is attributed to the imperatives of industrialism per se which, as noted, is associated with a set of universal "needs and requirements". The task of the state, whatever its class composition or social bias, is to fulfill essentially economic functions in relation to that industrial base. By viewing the political realm as essentially auxiliary to the purely technical sphere of production in this way. Strauss constructs a model of the relationship between state and society that we have characterized as the "technocratic" type. It has obvious affinities with Restaw's model of economic growth, but the similarities, as well as the differences, between the two will not be elaborated here. (35)

A rather more complex analysis of the relations between the industrial order and the realm of politics is elaborated in the work of Raymond Aron. A full

assessment of Aron's many-sided and often illuminating work will not be attempted here. Rather, we will draw attention to a number of aspects of his ongoing commentary on the character of the advanced societies, and attempt to demonstrate why, with qualifications, we associate him with the technocratic theorists.

Aron has consistently attributed particular importance to the concept of "industrial society". In his 18 Lectures on Industrial Society this generic term is simply and, it may be added, tautologically defined as :

"a society in which large-scale industry, such as is found in the Renault or Citroen enterprises, is the characteristic form of production." (36)

From this initial definition, Aron infers a number of other typical characteristics, including the separation between the family unit and the workplace, a technological division of labour, a pervasive influence of rational calculation, and the concentration of labour. A similar set of criteria are presented in Aron's more recent work The Industrial Society, where he suggests that it is a type of society which, while not being historically unique, "appears to open up a new era in human experience." (37)

Aron has, however, persistently eschewed an unqualified technocratic perspective which would identify the industrial infrastructure as the unmediated determinant of a qualitatively unique historical type of society. He

suggests, in particular, that :

"A strictly technological point of view is inadequate, because different forms of ownership of the means of production and class relations grow out of the same technology." (38)

History, Aron elaborates, demonstrates that it is impossible to relate every social change to a change in technology, and that the use of technological criteria offers the possibility of only the most broad and vague sociological propositions. In particular, he suggests that the unprecedented energy potential characteristic of contemporary advanced industrial societies can be socially organized and applied in different ways. The general characteristics of the generic "industrial society" characterize, for Aron, both Soviet and Western capitalist economies. Their principal points of divergence, however, concern the ownership of the means of production and the mode of economic regulation. State ownership and centralized planning on the one hand, and private ownership and the decisions of individuals in the market characterize these two "varieties of industrial society" respectively. (Ibid., 81).

The structural differences between Soviet and capitalist societies are stressed even more pointedly in The Industrial Society. Replying to Lefebure's charge that he "launched the somewhat confused idea of a single or world-wide industrial society", Aron explicitly attacks the thesis attributed by Lefebure to him in the

following terms :

"the fact that both societies (The U.S.S.R. & the U.S.A.-DB) can be classed as industrial does not mean that the Western and the Soviet (or, if you like, capitalist and socialist) systems are in any sense identical. Only a technological interpretation of history would allow us to assert that all societies that use atomic energy and computers are the same. It is absurd to state as a foregone conclusion that what they have in common is more important than the differences between them." (39)

The essential features of all variants on the "industrial type of society" are the predominance and centrality of science and technology in the determination of their other features, such as the steady increase in national output and the, at times, obsessional impulse of economic expansion. (40) In addition, the typically accompanying emphasis on calculation in the large industrial enterprise requires that all the elements of the balance sheet must be accessible to assessment in terms of a common, quantifiable factor. To this extent, "not only capitalist but any society treats man as if he were a commodity or as an instrument of production." (41)

Nevertheless, Aron emphasizes the absence of a "common aim" shared by all industrial societies. In particular, the contrast between private and state ownership is viewed as the primary distinction. Aron suggests, furthermore, that this distinction is unlikely to alter in the foreseeable future.

"As far as the ownership of the instruments of production is concerned, nothing justifies an assertion that the Western and Soviet systems will come to resemble each other." (42)

Also likely to remain divergent are the alternative patterns of distribution of the national income. (114) Aron further emphasizes his view of the essentially socially indeterminate character of industrial society per se by indicating its inherent open-endedness. "Industrial society has no inherent finality." (Ibid., 130)

Again, in Progress and Disillusion Aron attempts to weigh both the similarities and the differences between the two forms of industrial society. Industrial society as such is differentiated and stratified, these two characteristics together constituting an "inherent tendency" immanent in the industrial type. (43)

Another common feature is the substitution of a number of social hierarchies for one or a few in previous social types. (37) Furthermore, as industrial society develops it tends to reduce, though it never eliminates, social unrest.

"Conflicts are never eliminated but revolution seems anachronistic. The economic system, whether capitalist or socialist, is consolidated by changes common to both systems." (44)

As against these shared characteristics, however, Aron contends that the Soviet and capitalist varieties of industrial society, the two "ideal types of social order", represent "two contradictory solutions, intelligible in their very contradiction, to the immanent problems in industrial civilization." (37) Political pluralism as opposed to the primacy of the Communist Party and the familiar distinction between patterns of property ownership are the central variations identified. Aron's attempt at an all-round evaluation of the two forms of industrial society is made explicit in his comment :

"We have attempted to stress not only that which is common to the two ideal types of society but also the ways in which they differ." (45)

Yet precisely through this eclectic tendency to shift his focus of analysis in order to evaluate both the elements of convergence and divergence between the

two types of economy, Aron leaves unresolved a number of central ambiguities which give his work as a whole an often indeterminate character. On the one hand Aron consistently identifies the alternative patterns of property ownership as a source of fundamental divergence. At the same time, however, "industrial society" persistently emerges as his central theoretical concept. Thus, in his concluding section of the 18 Lectures he observes :

"Instead of capitalism I have chosen industrial society (or technical, scientific or rationalised society) as the principal historical concept." (46)

Again, in Progress and Disillusion while, as always, stressing the sources of variation, he contends that the Soviet and Western industrial regimes together constitute "an unprecedented social type". They are, that is to say :

"societies that strive to produce as much and as efficiently as possible by renewing the instruments and organization of work in accordance with the progress of science." (47)

What this recurrent tension indicates is a reluctance on Aron's part to decisively structure his analysis of advanced societies primarily in terms of either socio-economic or technocratic criteria, a

hesitancy which allows a series of ambiguities and, at times, theoretically "loose" contentions to enter his work. We will draw attention to what appear to be the most important expressions of this tendency : Aron's ambiguous treatment of the category "class", and his often mechanical conception of the nature of capitalism.

As we have seen, Aron identifies the private ownership of the means of production as a central distinguishing feature of capitalist society, and in doing so implicitly at least adopts a Marxist conception of the concept of class. From the Marxist perspective, of course, awareness of class position and actions, both economic and political, to consolidate or further the interests of that position are viewed essentially as rational, full political consciousness characterizing a developed "class-for-itself." In Progress and Disillusion however, Aron effectively denigrates such political development to the sphere of the irrational, a sphere it shares with the violence and ideological degeneracy of racism and national chauvinism. The following passage is particularly revealing :

"Under certain stresses, the same individuals who in normal times apparently enjoy the pleasures of home, television, a car, weekends in the country, suddenly behave wildly. They see themselves only as Frenchmen, or proletarians, or whites.

War, crisis, foreign despotism,
revolt of a scorned ethnic minority,
tear them loose from their habits,
and we see them quite ready to die
for a cause: agitators of a party,
soldiers of their country, heroic and
cruel, forgetful of themselves, but
also of the rights of others." (48)

Thus, in the same work in which he draws attention to
the "gap between the egalitarian ideal and present-day
realities in even the most advanced industrial societies." (9)
Aron characterizes working class solidaristic action
as one particular manifestation of a more general
pattern of demonic and destructive collective irrationality.
The formal usage of Marxist concepts coexists uneasily
with the classically liberal appeal to the abstract
"rights of others".

In addition, there is a tension in Aron's work
between the same emphasis on the private ownership
of the means of production as the major determinant of
classes in capitalist society, and a recurrent tendency
reminiscent of Marcuse's analysis of working class
institutionalization in "One Dimensional Man", to
exaggerate the influence of the consumers of industrial
products. For example, in capitalist society :

"The influence of consumers over
the allocation of national resources
is dominant in the long run." (49)

In the same work Aron points out that under capitalism "The profit motive predominates" (Ibid., 81). The discrepancy between these two conflicting criteria for the allocation of capitalist resources reflects the ambiguity discussed above : in the one case the primary determinant is private profitability, in the other the preferences of consumers. The question of the manipulation of public needs in accordance with the requirements of capitalist profitability is thus ignored, the power of capital being counterposed by the requirements and demands of consumers. An agnostic view of social determination emerges from this ambiguity.

Directly related to this unresolved dilemma in Aron's work is his depiction of the capitalist system as a whole. In The Industrial Society Aron, consistently with his preoccupation with the influence and importance of the patterns of consumption in advanced capitalist societies, suggests that "the obvious aim of the economy is to raise the standard of living, and prices are recognized as being a necessary mechanism and, indeed, as a measure of rationality." (112) Again, the capitalist variant of industrial society is attributed with "the purpose of spreading material prosperity or raising the standard of living." (Ibid., 142)

What emerges from these observations is a view of late capitalism which embodies a voluntaristic and

essentially benevolent conception of the allocation of resources, both in production and consumption. While Aron emphasizes the anarchical character of the international power structure, (50) he views individual capitalist economies as subject to the profound influence of conscious decisions to administer to human needs on fundamentally humanitarian criteria. The following passage is particularly indicative of this tendency in Aron's thought.

"Western nations are now pausing to reconsider the aim of material prosperity which they have pursued more or less consciously; they are wondering if the maximization of any particular kind of consumption is any better a criterion than the maximization of growth rates." (51)

The international profitability crisis which deepened throughout the advanced capitalist world during the 1960's and early 1970's, however, has transparently led to a series of attempts to impose restraints on the rate of increase of specifically working class income, restraints necessitated by the classical criteria of capitalist profitability and accumulation. (52) The logic of international capitalist competition and its impact on state policy has again emerged from the sparcity that characteristically obscures its primacy during periods of relatively unproblematic economic expansion. The imperatives of profitability rather than ideational activity, that is to say, typically structure the allocation of resources to consumption.

Aron's model of a relatively stable and "adaptable" capitalism largely derives from a mechanical interpretation of its political economy. In the 18 Lectures he identifies the crucial distinguishing features of the capitalist economy as private ownership of the means of production, decentralized economic regulation, separation of employers and employees on the basis of the sale of labour power, the predominance of the profit motive, and the operation of supply and demand in the determination of prices. (53) Aron's principal objections to the Marxist theory of capitalist social structure and development are, when his work as a whole is viewed, that a direct process of class polarization has not developed⁽⁵⁴⁾ and that the long-term survival of capitalism is a viable historical possibility, since Marx gave no convincing demonstration of the purely economic self-destruction of capitalism. (55)

As we saw in our discussion of Dahendorf's thesis, however, Marx explicitly rejected the notion of a crude polarization of classes in his mature political economy. The cataclysmic view of a single, world-historical economic crisis to definitively abolish the epoch of capitalism, moreover, has more in common with a Luxemburgist perspective than that of Marx. For Marx, a crucial function of capitalist crises is to restore the conditions for future extended accumulation on a profitable basis through the destruction of capital values and, on occasions, the reconsolidation of the political hegemony of the capitalist class.

More fundamental, however, is Aron's discussion of the dynamics of surplus appropriation and allocation in capitalist and socialist societies respectively. That the distinction between private and state ownership of the means of production is not, for Aron, as crucial as might appear from the passages cited above is suggested by the following comments from the 18 Lectures :

"Marxism makes use of the idea of surplus value: the difference between what is paid to the worker as wages and the value produced by his work. I have not used this notion of surplus value, but I have found the identical phenomenon in every economic system; namely that the worker is only paid, directly, a part of the value which he creates by his work, while another part goes to the social fund which is available for investment..... In either case (capitalist or socialist society - D.B.) a part of the surplus value is consumed by privileged groups." (56)

The style, it may be said, is the man. A basically pragmatic comparison equates the socialist and capitalist types on the basis of a common or shared economic surplus which funds investment on the one hand, and inequality through the differential distribution of rewards on the other. This is a recurrent theme in "refutations" of Marxism, most recently refurbished in Giddens' The Class Structure of the Advanced Societies (97). Marx was, of course, well aware that in socialist societies not all the proceeds of labour would flow directly to the

community of workers in the form of payment, an insight which Dahrendorf, among others, failed to recognize. The essential point, however, concerns the criteria for the collection and application of the economic surplus in particular societies. If, as under capitalism, it is dependent upon exchange value and the criteria of profitability, there exists accordingly a structured source of both systematic inequality and a long-term unpredictability in the development of the economy. If, on the other hand, it is determined by the evaluation of priority on the basis of use value there is at least the potential for a consciously planned economic system adapted to human needs rather than greed or profit-seeking. Aron's not purely terminological decision to avoid the use of the term "surplus value" serves to obscure this distinction, a distinction which is fundamental to an understanding of the dynamics of capitalism, however benevolent or paternalistic some of its forms may appear.

This failure to adequately draw out and demonstrate the implications of his largely ritualistic recognition of the continued private ownership of the means of production in capitalist societies also finds expression in Aron's observation that "different forms of ownership of the means of production and class relations grow out of the same technology." (57) In saying this, Aron demonstrates that he is effectively reading history backwards. The class relations of the Western capitalist heartlands did not "grow out" of some existent and

and advanced technological infrastructure, although a relatively high degree of development of the division of labour as well as of the material conquest of nature was an essential precondition. Rather, the ascendancy of the bourgeoisie and its progressive relationship with the newly emergent proletarian class served to engender a stage of history in which the forces of production, including the working class itself, developed to an unprecedented degree. Similarly, the pattern of state ownership of the means of production and its monopoly of foreign trade in the Soviet Union constituted the basis on which that country, despite the bureaucratic distortions of the planning process, emerged as a major global power in the space of half a century. (58) Class relations are not, as Aron suggests, somehow epiphenomenal or auxiliary to the industrial system. Rather, they are at the heart of historical change and, whether suppressed or manifest, of the dialectics of human development, from which the transformation of nature to human requirements through industrial application is inseparable.

This assessment of the work of Raymond Aron does not, as we pointed out at the outset, claim to be exhaustive. We are not suggesting that he has examined the structure of the advanced "industrial societies" in terms of any simple or unambiguous technological reductionism. Nevertheless, there are in his work elements which lead us to associate him with the

"industrial society" theorists and we have accordingly discussed his writings in the context of the "technocratic" thesis. To conclude, we will draw attention to his discussion of Comte on Progress and Disillusion.

Citing Comte's comparison of the social hierarchies characteristic of both industrial and military institutions, Aron observes :

"This allusion is to a hierarchy which is immanent and indispensable to industrial enterprise, which itself is continually expanding, and Auguste Comte's analysis of this decisive point holds true today." (59)

The imperatives of industrialism thus figure prominently in Aron's theses, quite in spite of the formal recognition of the importance of private property. The sociology of domination, by extension, becomes the study of the social effects of the industrial infrastructure, effects which, while having a relative autonomy, are essentially epiphenomenal. Aron's work, we suggest, is to a large extent technocratic quite in spite of itself.

SOCIAL STRUCTURE AND THE CULT OF "INTELLIGENCE".

The complexity of the advanced capitalist social structure requires an historically unparalleled increase in the sector of the total work force concerned with information processing and the general allocation and distribution of technical knowledge within industrial, service, and administrative organisations. Within Marxist and neo-Marxist circles this development has engendered debate around the question of the middle classes. (60), and, more generally, the relationship between mental and manual labour. (61) At the same time a number of non-Marxist writers have suggested that the growth of the middle classes consequent upon long-term changes within capitalist societies have somehow invalidated Marx's supposedly dichotomous model of class polarization. (See later section, "An Integrated Working Class").

Our particular concern is the contention, assumed in the "technocratic state" thesis, that the requirements of complex organizations as such necessitate a new and unique primacy for the function of knowledge-based activities in state and other institutions which is relatively unproblematic as regards the social purposes of such activities and their relation to class structure. One extreme variant of this thesis suggests that the technical and economic developments of recent history have brought the advanced capitalist societies to a point where they are now on the verge of a transition to a new "post-industrial" form of social organization (62).

The displacement of traditional manufacture by service industries together with the key position held by the universities and theoretical knowledge in the advanced societies, in America in particular, indicate the character of the social transformation that these theorists perceive to be taking place. Technocrats are progressively coming to occupy the policy formation positions previously held by more orthodox and recognizable capitalist figures, as industrial and economic decisions increasingly assume a technical character. Galbraith's "technostructure" and his analysis of the "systematic application of scientific or other organized knowledge to practical tasks", (63) is a popular variant on these themes. Some neo-Marxist writers (64) have presented related arguments, although their concern has tended to give greater attention to the problems posed by the technological aspects of late capitalism by the workers movement.

A. Giddens has indicated some of the major shortcomings of the "post-industrial society" thesis as a body of work (65). Its underlying economic and technological determinism, along with its typical minimizing of the importance of politics and the state, lead its proponents to abstract what are frequently valuable and perceptive observations from their context of still endemic class conflict. Touraine's particular variant, perhaps the most challenging yet presented, characterizes the new society emerging from classical capitalism in terms of its post-industrial, its technocratic and especially its "programmed" qualities. (66)

Economic decisions and struggles, he contends, are no longer as autonomous or important as they were in earlier capitalism. While still driven by the imperatives of growth, economic mechanisms alone are no longer at the "centre" of social organization and activity. Factors other than the accumulation of capital become increasingly essential if economic growth is to be maintained. In particular, Touraine points to the importance of knowledge in "post-industrial" society.

"All the domains of social life- education, consumptions, information, etc. are being more and more integrated into what used to be called production factors. This is true of scientific and technical research, professional training, the ability to programme change and regulate its elements, the management of organisations with multiple social relationships, and the communication of attitudes that favour the mobilization and continual transformation of all these production factors." (67)

These new "production factors", however, far from being aspects of economic growth additional to capital accumulation, are in fact aspects of accumulation in the conditions of advanced capitalism. This is particularly true in the case of social knowledge and research and

development, as we suggest later in our discussion of Mandel's thesis of the "third industrial revolution". Touraine contends that the economic and social changes characteristic of the emerging "programmed society" transform the centre of antagonism away from the traditional conflict between capital and labour.

"The great social conflicts transcend the firm and the whole arena of production and are situated, like programmed change itself, on a much broader plane. They are multidimensional - social, cultural and political - much more than strictly economic." (68)

Central to Touraine's conception of "multidimensional" social conflicts is his view, derived directly from his model of contemporary economic growth, that "alienation" is a more appropriate term than "exploitation, to account for the emergent forms of social domination. Social domination, he suggests, now increasingly assumes the three principal forms of social integration, cultural manipulation and political aggressiveness. (Ibid., 7-8) Touraine stresses that taken together these forms of social domination do not simply constitute a new stage of capitalism. Contemporary alienation, rather, finds expression in what Touraine terms "dependent participation." By this he is referring to the substitution of the relatively simple conflict between capital and labour by that between the structures of economic and political

decision-making and those persons reduced to a position of conformism and marginal dependency within society as a whole. The traditional working class, in consequence, is no longer a "privileged historic agent." The trade unions are still engaged in conflict with capital and management, but conflict no longer relates to the centres of "real social power". Rather, the wider conflict between the structures of decision-making and those reduced to dependent participation, elsewhere expressed, in terms of the opposition between "development" and "consumption" (Ibid., 45), is identified by Touraine as the central social conflict. The new ruling class is accordingly not defined in terms of profit from private investment. Its ruling status derives from their relation to the process of programmed growth, seen by Touraine as qualitatively distinct from the earlier form of capital accumulation. The new ruling class consists of :

"Those who identify themselves with collective investment and who enter into conflict with those who demand increased consumption or whose private life resists change." (69)

Having in this way rejected the centrality of the labour-capital conflict for an eclectic conception of economic growth fed by inputs from a heterogeneous complex of sources, it is a logical step for Touraine to posit, drawing on Parsons and Dahrendorf, the existence of problems connected with "society in general" rather than the class system. (Ibid., 76) Specifically he suggests that the raising of living standards, the

increase in leisure ("free") time, and the important sphere of family life contribute to and constitute determinants of professional behaviour which are increasingly independent of the firm. A parallel development is the rising importance of extra-firm roles. Touraine significantly supports these propositions by referring to the Luton studies of Goldthorpe and Lockwood. As we will contend in a later section ("AN Integrated Working Class"), however, ^{that} Goldthorpe and Lockwood et al, like the cruder theorists of embourgeoisement whose work they are concerned to criticize, fail to identify the crucial relationship between the processes of privatization that they identify and the traditional struggle between capital and labour, the former being inseparable from, an aspect of, and a reinforcement to the latter. It is at this point that the ideological character of Touraine's thesis becomes apparent. The "new" factors of production contributing to economic growth are, in fact, aspects or dimensions of the capital accumulation process which they are claimed to augment.

Effectively, moreover, the process of accumulation is seen by Touraine as essentially non-problematic. A tension arises between social investment and development, no longer associated with a specifically capitalist class, on the one hand, and the demands for immediate consumption on the other. (Ibid., 45) When viewed in abstraction from its foundation in the exploitative relations of production, however, the question of the distribution

of the proceeds of production has no inherent dimension of antagonism. Touraine, in fact, does not attempt to explain the "necessary" character of the conflict he identifies between the structures of decision-making and the periphery of dependent social actors. It is, rather, taken for granted. A consensual agreement on a "just" allocation of the proceeds of industry both within classes and between consumption in general and programmed investment is, however, an equally feasible theoretical possibility. Touraine, indeed, hints at this himself :

"Mass movements are less turned toward properly institutional action and call rather for self-management, that is, for revolt against power." (70)

But on the basis of Touraine's assumptions, there is no conceivable reason why the new ruling class of technocrats should not, in order to facilitate the smooth-functioning of the "programmed society", allow or even encourage the "dependent" strata to manage their own practices within the firm. The systematic conflict posited by Touraine between these two aspects of the "programmed" society, presumably refracted from the Marxist conception of class conflict, represents little more than an act of faith. It rests, moreover, on an abstracted conception of social power, a conception which locates the source of power in the imperatives of economic growth as discussed above, its result rather than its source being social antagonism and conflict. Touraine explains that the stratum of technocrats acts :

"for the benefit of a self-devouring technical development, which transforms itself into the non-rational accumulation of power and thus creates social conflicts. Their appropriation of an excessive share of the collective product is relatively infrequent and of no real concern, whereas the capitalist invests only after he has deducted a certain, sometimes very important, portion of his resources for his private consumption." (71)

At no point, however, does Touraine attempt to actually demonstrate that and how the systematic and, within the context of capitalist society, essentially rational basis of power in the ownership of capital has been or is being superceded. The new aspects of "growth" which he impressionistically identifies are, again, aspects of the accumulation process. Touraine suggests that the organizations of programmed growth, while on the one hand vast and impersonal, are also "centres for particular interests." (Ibid., 53)

The nature of these interests is not convincingly elaborated, however. Touraine's antagonistic model of technocracy and the strata reduced to "dependent participation" is adequate neither at the level of a description of the workings of society nor, as we have suggested, in purely logical terms. Even were it to correspond to the social reality it purports to explain, its antagonistic quality would be neither

necessary nor inevitable, as Touraine indicates.

Our starting point, however, was the centrality attributed by Touraine to the increased importance of social knowledge in the workings of the advanced societies. To a large extent, this theme is a different dimension of the "technological imperatives" thesis discussed above. In both cases the organizational forms associated with the complexity of contemporary industry-based institutions are viewed as more or less autonomous from the primarily economic interests that stand to benefit to different degrees from the prevailing institutional order. The distinction between an emphasis on the economic aspects of industrialism on the one hand and on the consequences of the resultant organizational aspects of information processing on the other leads us to consider them separately, however. We will look at the work of Wilensky, considering this to be representative study.

Wilensky's concern is "the ways in which knowledge shapes policy". (72) "Intelligence" and its application are central to his analysis of the functions of knowledge in large-scale organizations. He defines intelligence as :

"the information - questions, insights, hypotheses, evidence - relevant to policy. It includes both scientific knowledge and political or ideological information, scientific or not." (73)

Wilensky adopts a broad definition of intelligence which incorporates both scientific and non-scientific information, the crucial criterion being a relationship between "ideas", broadly interpreted, and organizational policy. A discrimination is made, however, when he specifies "high quality" intelligence to be that which is clear, timely, reliable, valid, adequate and wide-ranging. This discrimination allows Wilensky to draw attention to the "dysfunctional" aspects of information-processing.

"Information is now, as before, a source of power, but it is increasingly a source of confusion. The proliferation of both technical and political ideological information and a chronic condition of information overload have exacerbated the classic problems of intelligence." (74)

For Wilensky, that is to say, administrative technico-rationality is rendered problematic precisely by the inherent conditions and ambiguities of contemporary information-management. On the basis of this insight Wilensky identifies a number of sources as well as typical effects of "intelligence failures", deriving from both "structural" and "doctrinal" locations. He suggests that gains in the quality of intelligence in organizations are possible through the management of the intelligence function. Success in this field is, however, conditional upon the top executive's attitude

towards knowledge (his "capacity to break through the wall of conventional wisdom") on the one hand, and the capacity of the specialist to influence policy discourse on the other. With these two conditions in mind Wilensky pessimistically suggests that "intelligence failures are built into complex organisations"(Ibid., 179).

Despite these "realistic" qualifications, however, Wilensky constructs a paradigm to account for the relationship between organizational complexity and the demand for systematic intelligence. He suggests :

"Briefly, the more complex the structure, the more use of experts." (75)

This formula, applicable to both government and industry, is the essential element of Wilensky's thesis.

Organizational size, centralization, and heterogeneity of membership and goals are identified as aspects of institutional complexity. They all generate the need for experts in so far as they increase the number and variety of social units in their environment, aggravate problems of internal control, and intensify the "search for uniformity" through a proliferation of formal rules.'

As supportive evidence Wilensky points to the relatively high expenditure on staff experts and consultants in the largest, most centralized and most rapidly expanding and government-connected institutions within a number of sectors. In the economic sphere, he identifies the aerospace, oil, chemical and electrical equipment industries. The White House, the C.I.A. and

the Departments of State and Defence are similarly noted in the polity. In addition, Wilensky points to the universities and mass media networks within the fields of education and entertainment.

Generalizing from these sectors, Wilensky attempts to relate the increasing requirements for organizational intelligence to a theory of the contemporary power structure.

"there is a shift in power to administrative leaders - in the economy, to coalitions of top managers and experts each acquiring some of the skills of the other; in government, to the Executive Branch, gaining at the expense of the legislature." (76)

While in this way explicitly dissociating his thesis from the more overtly "managerialist" theories of Burnham and others, Wilensky identifies a political corollary of the increased demand and need for intelligence in the form of a sharing of power between its carriers and the more traditional incumbents of power positions. Wilensky views the question of the successful application of intelligence in policy as problematic for the reasons discussed above. Nevertheless, he identifies the increased salience and influence of "experts", both within industry and government, as a generalised secular trend. Thus, he predicts as among the most likely outcomes of the "new managerial revolution" an increase in the numbers

and influence of information technologists, and a widening social gulf between that strata together with top executives on the one hand, and "men whose work is more programmed" on the other. (Ibid., 155-6)

An objection we wish to make to Wilensky's thesis is that it views the application of knowledge to policy as essentially interest-neutral. (77) It becomes a purely technical problem, divorced from and not concerned with the conflicts which characteristically accompany large-scale social institutions and the antagonistic interests which they embody. This orientation is closely related to Wilensky's central preoccupation, which is to examine the position occupied by intelligence within single organizations. While not explicitly stated, the implication is that these organizations are effectively autonomous, their internal structure not being intrinsically related to and dependent on the nature of their relationship with other "organizational" spheres. Thus, Wilensky proposes that his paradigm is applicable to the spheres of both industry and government, but does not attempt to account for the pattern of relations between these two institutional orders. Within capitalist societies, however, a central function of government is to provide a suitable environment within which individual firms, structured internally according to a clearly identifiable hierarchy of power and authority, can operate. Wilensky's atomistic model of organizational functioning, however, is inherently blind to the basis of the persistent

struggles between management and labour, and the political significance of those economic conflicts. When Wilensky does discuss the question of conflicting interests and values he suggests that in cases where the conflicts are made explicit they tend to generate a polarization of positions, and furthermore to prompt the administrator to withhold information, thus widening "the credibility gap".

Wilensky contends, however, that such conflicts of interest are amenable to resolution through rational Wsystems analysis". In particular, he advocates a cost-benefit approach, using an example concerning government expenditure on outdoor recreation. Wilensky suggests that funds can be allocated on the basis of assessed "merit-weighted user-days", incorporating such factors as the "marginal utility of additional recreation." This principle of interest and value conflict resolution is generalised in Wilensky's claim that "There is no problem that cannot be approached in this rational way." He recognizes that a dimension of "evaluation" may often enter into this essentially rational method of resource allocation. To illustrate this dimension, however, he presents the emotive example of the higher value of "a child in the wilderness, absorbing the visual tactile and aural delights of nature" than that of "an adult's picnicking in a crowded, noisy, fly-ridden, garbage-strewn park". (Ibid.,189-90)

This example, however, suggests a beguilingly simple choice between alternative modes of allocation which, it

is implied, is at least potentially universally held, thus reinforcing Wilensky's assumption that conflicts of interest are in all cases resolvable through a rationally arrived at solution which satisfies the objective requirements of all parties involved. Wilensky's ultra-rationalist solution is, however, inapplicable to the central conflicts of capitalist society, in particular, that between labour and capital over the proceeds of production. Here, within the confines of capitalist production relationships, both groups have an objective interest in organizing separately in order to attempt to maximize their respective advantages from an inherently antagonistic relationship. The tensions which have undermined many of the state-instigated incomes policies in the advanced capitalist countries throughout the 1960's and 1970's bear witness to this inherent antagonism. (78)

Wilensky's model of organizational intelligence, along with the rationalist technocratic state thesis of which it is a part can only treat such cases as a "failure" of intelligence, an accident or contingency, rather than a pattern of relations deriving from a situation where a divergence of interests has primacy. This is apparent in the "convergence thesis" implications of his claim that :

"Whatever the national variations in ideologies justifying economic activity, whatever the degree of pluralism in political life, there is a universal increase in information -

consciousness at the top; elites in every rich country are moved to break through mere slogans and grasp reality." (79)

Under capitalist social relations of production there does not exist such a "reality" through which the dominant conflicts of interest can be reduced to a single, unproblematic resolution. In the first place, the labour-capital antagonism transcends the spatial and relational unity that may exist within any particular industrial enterprise. Furthermore, in capitalist society the use of information, and of scientific information in particular, is an aspect of a relationship of domination grounded in the private ownership of property. In a class-divided society knowledge, whether applied in the industrial context or in more overtly and transparently political decision-making, cannot be regarded as neutral. Even in conditions where the capitalist and working classes may temporarily co-exist on a relatively peaceful basis, knowledge which does not, consciously or accidentally, serve to question or undermine the hegemony of private property will in fact reinforce or consolidate it. Information and its application do not have a special immunity from the divisive affects of class structure, a structure which is obscured by Wilensky's "cost-benefit" formula for conflict resolution together with his atomized portrayal of organizational autonomy. A full account of the social significance of information, as we shall elaborate in our critical assessment of the "technocratic state" thesis as a whole, must incorporate both its economic and political

dimensions through an analysis structured in terms of political economy.

MANAGERIALISM.

A related aspect of the "technocratic state" thesis is "managerialism". By managerialism we refer to the particular attention paid by these authors to the strata of administrators, planners and sometimes engineers in advanced capitalist societies. Aron, although this phenomenon is by no means central to his work, indicates the ~~direction~~ of this theory when he suggests :

"If we use the term 'management' for that organisation of a firm in which the managers are experts in management - not engineers but men who have a gift for administration and organisation - then all the large industrial enterprises of our time, in Western Europe and perhaps in all the developed capitalist and Communist countries, have a 'managerial' organisation." (81)

This "authoritarian structure", Aron suggests is inherent in and "bound up with the very essence of " the modern industrial organization.

The most radical and thorough-going version of the managerial thesis is, of course, that of ~~the~~ James Burnham, however. Burnham contended that the 1940's were witnessing a "social revolution" throughout the capitalist world, a revolution finding expression in changes in the major economic,

political and cultural institutions, as well as in the personnel of the leading positions of power and privilege. In particular, classical capitalism, based on private ownership of the means of production with the bourgeoisie as the ruling class, was seen to be undergoing a transformation into a new type of society in which a strata of managers occupied the ruling position. Managers, Burnham argued, are coming to increasingly exercise control over the instruments of production and the distribution of material privileges.

The political philosophy underlying Burnham's thesis is outlined more clearly and consistently in "The Machiavellian Defenders of Freedom". Burnham reviews "the main principles of Machiavellianism" as expressed in the works of Mosca, Michels, Pareto and other political theorists. Drawing on their analyses, he suggests that every society has a recognizable elite that manages public affairs for the primary aim of conserving its own power and privileges. These elites establish their supremacy through force and cunning, but their hegemony is persistently challenged in the process of class struggle. Rapid, revolutionary shifts consequently occur periodically in the structure and composition of elites. Burnham's endorsement of the Machiavellian thesis is summarized in his observation that :

"The Machiavellian analysis, confirmed and re-confirmed by the evidence of history, shows that the masses simply do not think scientifically about political and social aims; and that, even if they did, the technical and administrative means for implementing their scientific thought would necessarily be lacking. Beliefs, ideals, do sometimes influence the political actions of the masses; these are not, however, scientific beliefs and ideals, but

myths or derivations." (82)

This is essentially the political framework within which Burnham interprets the rise to power of the managerial strata. Their ascendancy is viewed on an international scale as "the first genuinely international revolution" (Ibid., 171) Burnham predicts that when their power is consolidated it will be exercised not directly through actual property rights, but indirectly through control of the state and its various institutions. (83) Their power, while involving economic domination, and exploitation, thus finds its crucial expression in the state apparatus.

Burnham's thesis emphasizes in particular the experiences of Fascism in Germany, Stalinism in the Soviet Union, and the New Deal in the United States. (Ibid., 219). It generalizes the managerialist interpretation of these three countries into a global secular trend, however, and in doing so prompted Paul Sweezy to point to "its superobjective tone of fatalistic inevitability". (84) The managerial "re-newed elite" is a world historical phenomenon, based on "state control of the economy and continental or vast regional world political organization". (85)

While Burnham's characterization of the dominant economic and political features of classical capitalism (86) is relatively comprehensive, however, his account of the transition to managerial society, as well as its political structure, is obscure. The managers, the ascendant dominant political strata, are defined by virtue of their function of guidance and organization of the process of production. (Ibid. 70). Concerning their actual rise to power Burnham, having identified a social tension in the supposed separation of ownership and

control, writes the following :

"Historical experience tells us that such a lack of correlation between the two kinds of control (the 2 basic rights of property) cannot long endure. Control over access is decisive, and, when consolidated, will carry control over preferential treatment in distribution with it: that is, will shift ownership unambiguously to the new controlling, a new dominant class. Here we see, from a new viewpoint, the mechanism of the managerial revolution." (87)

Precisely how such a transformation is to be effected and how it will affect the pattern of economic crises associated by Burnham with classical capitalism remains unclear however. His assessment that capitalism "has entered its final years" is accompanied by an adequate account neither of how it will be superseded, nor of the means by which its inherently destabilizing tendencies will be reversed.

Assessing Burnham's thesis three decades later, we can point to the survival of the profit-motive in the capitalist world and the consequent re-emergence of recessionary tendencies, indicating that capital accumulation and consequently industrial production are still subject to the conditions and constraints of private profitability. That this anarchic dimension of capitalism, and Burnham's perception of the problem associated with its supersession, underlies his thesis is apparent from his

Letter of Resignation from the American Workers Party, written in 1940. There, sketching his theory of the "new form of exploitative society" associated with the managerial revolution Burnham observes :

"It is certainly the case that I am influenced by the defeats and betrayals of the past twenty years and more. These form part of the evidence for my belief that Marxism must be rejected: at every single one of the many tests provided by history, Marxist movements have either failed socialism or betrayed it. And they influence also my feelings and attitudes, I know that." (88)

Biographically Burnham, by his own account, rejected the Marxist solution to the transformation of capitalism on the grounds of historical experience. This rejection was later to be generalized in the form of a Machiavellian view of the primacy of elites in social change. Burnham's theory of managerial ascendancy, however, is both erroneous, in that it inaccurately predicted an immanent transcendence of effective private ownership, and, even in its own terms, inadequate in so far as the mechanism of transition, and in particular the demise of the capitalist "function", is implied to be evidenced in such contrasting contexts as New Deal America and Stalin's Russia. (89).

While this thesis is the most radical and extreme version of the managerialist tendency, its weaknesses, assuming and resting on the supposed ascendancy of a distinctive managerial

strata, are characteristic of that tendency as a whole. (90) The view of that group as having an independent power base within capitalist society entails, in the last analysis, a denial of the imperatives that the requirements of capital accumulation impose on production and to which, especially when profits are squeezed, managerial and administrative groups are subordinate. As such it is unable to adequately account for either the social and political significance of the managerial strata or the form and functions of the state in late capitalist society.

AN INTEGRATED WORKING CLASS.

The final characteristic feature of the "technocratic state" thesis that we wish to consider is the recurrent theme of the incorporation of the working class into the structures of the state and economy of advanced capitalist society. This incorporation has been explained and interpreted in a variety of ways, three major positions being identifiable on the basis of differential emphasis of the dimensions of abolition, suppression and concealment of class conflict.

At one extreme, Von Mises, stressing the "natural" character of the capitalist division of labour argues for the inherent one-ness of workers and indeed of all economic actors within the institutions of capitalist ownership (91). Capitalism, according to this radically favourable interpretation, is governed by "the sovereignty of the consumers and democratic operation of the market" (Ibid., 36). Capitalist ownership is, consequently, compatible with the interests of all its constituent members and groups through the function of consumption and the constraints it exercises on the allocation

of resources. "The profit-motive pushes every entrepreneur to accomplish those services that the customers deem the most urgent" (Ibid., 60). From this perspective the question of the integration of the specifically propertyless strata of wage-labourers is basically unproblematic. The system is, assuming the "democratic" character of the bureaucratic sector as discussed earlier, inherently integrated. For Von Mises the abolition of class conflict is an essentially technical accomplishment, not bound up with the intrinsic nature of capitalism, because the elements of its typical context - economic crises, unemployment, the growth of monopoly etc. - derive from an exogenous source. They are "the inescapable consequences of government interference with big business as recommended by the advocates of the third solution (the mixed economy - D.B.)". (Ibid., 119).

A more common interpretation of working class incorporation, however, views the decline of class conflict historically against the realistic background of economic struggle and political dissent. Such views were common in the 1950's and 1960's and provided the academic impetus for the sociological debate of the supposed "embourgeoisement" process. The provisions of the liberal welfare state, together with the wider involvement of government in the economy, are typically seen to be central to the moderation of class conflict as traditionally understood. Lipset, for example, suggests :

"the workers have achieved industrial and political citizenship; the conservatives have accepted the welfare state; and the

democratic left has recognized that an increase in over-all state power carries with it more dangers to freedom than solutions for economic problems." (92)

The corollary of this interpretation of the beneficent influence of the liberal state is a relatively high degree of political harmony :

"This change in western political life reflects the fact that the fundamental political problems of the industrial revolution have been solved." (93)

More specifically, the electoral defeats of the British Labour Party in the 1950's manifested, Lipset suggests, the desire of affluent workers to express their new sense of improved status in appropriate voting patterns. This shift towards political gradualism, he elaborates, is related to economic development and the consequent rise in worker's incomes. In particular the distribution of consumption goods tends to become more equitable as the size of the national income rises and society is faced by a "dearth of goods". (Ibid, 65) Lipset cites the abundance of cars and washing machines in the United States and optimistically suggests that there is relatively little difference between the standards of living of adjacent social classes. Politically, increased education and wealth serve democracy by increasing the lower classes' exposure to cross-pressures, thus reducing their commitment to particular ideologies. The democratic liberal state, through its humane and rational involvement

in wider society, is an important aspect of this supposed changed reality.

Kerr et al, in their version of the convergence thesis, similarly identify the state as an active factor encouraging uniformity in industrial societies. As industrialization advances, the authors suggest, the "age of ideology" recedes into the past. Even where parties still contend, they tend to draw closer together on major issues, and are likely to replace an ideological by a pragmatic approach. Thus :

"Industrial man is seldom faced with real ideological alternatives within his society." (94)

Social and political life becomes dominated by an essentially conservative status quo. The labour force, in particular, is increasingly "committed to and settled into industrial life."

Kerr et al's thesis, rests on a basically technocratic interpretation of recent social development. One particular unifying factor that they identify is the "omnipresent state". Industrialization is accompanied by the growth of the directing, guiding, managing state" as never before so universally in history."

"The complexity of the fully developed industrial society requires, in the name of efficiency and initiative, a degree of centralization of control, particularly in the consumer goods and service trades industries; but it also requires a large

measure of central control by the state and the conduct of many operations by large-scale organizations. Industrialism cannot function well according to either the monistic or atomistic models". (95)

To an even greater extent than Lipset , Kerr et al identify the technocratic state as a central factor contributing to the embourgeoisement process. Grounded in and reinforcing the industrial economy, it contributes to the development of political pluralism on the one hand and the incorporation of the working class on the other.

In general, however, the "incorporationist" theorists do not postulate the total abolition of class conflict either as a present or as an immediately attainable accomplishment. Lipset, for example, distinguishes between the end of ideology debate and that of embourgeoisement by suggesting that some intellectuals err in mistaking the decline of ideology in the domestic politics of Western society for "the ending of the class conflict which has sustained democratic controversy." (96) Nevertheless, the excesses of class conflict are seen by the embourgeoisement theorists to be removed more or less permanently and the presence of a distinctively mal-integrated working class accordingly transformed. Kerr et al succinctly observe "Class lines are softened." (273) More specifically a middle class life-style and ethos is becoming increasingly prevalent and

"Both the managerial and the working classes converge toward the upper and lower ranges of the middle class in their habits and beliefs." (97)

Thus, while surviving material and status distinctions are acknowledged, these theorists typically minimize their divisive and above all revolutionary potential or implications. The close relationship between embourgeoisement thus perceived, industrialization, and the development of the liberal democratic state is perhaps most concisely expressed in the following quote from Parsons. The article from which it is taken, we may observe in retrospect, was written a mere decade before it became apparent that the United States, with which it is largely concerned, was entering into the deepest recession in the post-war period. Parsons, with an almost tragic tone of complacency, suggested that :

"Through industrial development under democratic auspices, the most important legitimately-to-be expected aspirations of the 'working-class' have, in fact, been realized." (98)

The trinity of advanced industrial development, supervisory democratic state, and working class incorporation are attributed with a unity and complementarily comparable only with those of its theological counterpart. The utopian nature of the incorporation thesis is here complete and apparent. We will attempt, in the remainder of this section, to indicate the contours of a critique of this thesis through a consideration of Goldthorpe and Lockwood's variant.

Much of the inspiration for the various versions of the embourgeoisment thesis came from the relative affluence of some sections of the working class and the general, if not total, ethos of economic expansion and social stability which

characterized much of the advanced capitalist world in the early post-war years. The distinctive pattern of class relations which emerged required, and still calls for, sociological description and explanation. Nevertheless, the embourgeoisement theorists' account was misleading for at least two reasons. In the first place, it seriously underestimated the extent of poverty, and more generally of class differentials, which survived and even became more pronounced in the period in question. (99) Secondly, and related, the pervasive emphasis on the "privatization" of working class activities and ambitions, and the radical analytical distinction between work and private or family life that this assumes, is one of the major means by which the still essentially capitalistic structure of class relations and social activities is obscured in these works.

In Lipset's thesis for example, the supposed abundance of consumer goods intended for and mainly used by individual family units, is crucial to the process of working class incorporation. Similarly Zweig's study of factory workers stresses factors such as the rise in security-mindedness and "home-centredness", a movement towards "personalization" and individualization and a quest for "respectability" in his portrayal of their new, assimilation-orientated social outlook and life-style. (100)

The examination of such developments only becomes meaningful, however, when it is understood that these material and symbolic, but primarily material, aspirations of "private" life are precisely the substance and object of working class organization, traditionally pursued in Britain through trade union activity

and political support for the Labour Party. Zweig in fact points to the "revolution of rising expectations", which he explains in terms of a steep rise in acquisitive desires and expectations. (101) At no point, however, does he consider the possibility that these expectations will not be met, that capitalism may not be able to "deliver the goods" to match workers customary standards of living. The distinctively "bourgeois" process of privatization accordingly assumes the form of a taken-for-granted datum of the new affluent workers' process of assimilation.

Goldthorpe and Lockwood's critique of the embourgeoisement thesis, while repudiating the notion of an unambiguous convergence between the working and middle classes in toto, rests to a large extent on the same assumptions. Thus they present their findings in terms of "world of work", "pattern of sociability" and "aspirations and social perspectives". While rejecting the embourgeoisement thesis in its cruder forms, they report significant changes in the affluent sector of the working class. In particular they identify privatization centred on home and family interests, in the context of a decline in class solidarity. On the one hand they suggest that within the world of work :

"a fairly distinctive working class can still be readily identified, even when attention is concentrated on progressive industrial sectors and modern establishments." (102)

Elsewhere, however, they criticize Mallet and others who have claimed that modern, technologically advanced, capital intensive

industrial plants are capable, in the long-run of revitalizing the labour movement. Such speculations, the authors suggest, derive from an over-preoccupation with nature of work tasks and roles at the expense of the out-of-plant lives of workers. (Ibid., 184)

Specifically concerning the non-work pattern of sociability of the manual workers studied, Goldthorpe et al discovered that when compared with white-collar couples, they reported a similar average number of overall relationships, but fewer joint-friendships. In particular manual workers' wives were found to have a comparably high proportion of "independent" friends, drawn from the characteristically working class sources of family and neighbours. Furthermore, a majority of manual workers reported a preference for "people with the same background and outlook" as the most desirable category of friends. The authors conclude that there remain :

"important areas of common social experience which are still fairly distinctively working class." (103)

Nevertheless, like the "embourgeoisement" theorists whose work they are concerned to refute, Goldthorpe et al do not attempt to relate their portrayal of a relatively privatized sector of affluent workers, and their material aspirations to the ability of contemporary British capitalism to sustain and satisfy their expectations. A later section of this thesis, concerned with the relations between the main classes and the state in the post-war period, is centrally intended to demonstrate that it was precisely stagnating real wages for significant sections of the British working class which came into conflict with the "revolution of rising expectations," and led to the

wave of strikes and class struggles of the late 1960's. The secular decline of corporate profitability throughout that decade led both Conservative and Labour governments to attempt to implement incomes policies designed to restore private profitability and resolve the acute balance of payments problems. Yet Goldthorpe et. al, suggest, in the final pages of their study, that :

"The possibility of the Labour Party adopting and officially pursuing radical objectives is not in fact denied by any lessons of history nor by any results of sociological investigation or analysis." (104)

The utopian character of this speculation is demonstrated both by the continuation of substantial inequalities of income, wealth and property ownership under successive past Labour governments and by the pro-capitalist policies of the present Labour administrations.

Despite the sophistication of their otherwise valuable study Goldthorpe et al offer little or no theoretical advance beyond the embourgeoisement theorists' failure to relate their observations concerning "privatization" among the working class to the present stage of development of British capitalism, and its long-term ability to satisfy their new and continually rising level of material expectations. Viewing the state as a central means whereby the working class is progressively incorporated in the one case, and as a possible vehicle for radical social reform by the Labour Party in the other, both theses are unable

to account for the persistently pro-capitalist character of state activity, as expressed in taxation and incomes policies as well as in more direct forms of economic intervention. Goldthorpe et al, in summary, do not identify the dual character of the process of workers' affluence and privatization : its weakening effect on traditional, parochial working class solidarity, but also the implications for widespread disaffection if capitalism is, for economic reasons, unable to satisfy workers high levels of expectation and aspiration. The liberal, integrative state of Lipset and Kerr et al is inadequate for such conditions. (105)

AN OVERVIEW. GALBRAITH AND THE TECHNOSTRUCTURE.

J.K. Galbraith, in a series of studies, has incorporated the preceding theses into a thorough-going technocratic model of social, economic and political organization. His most developed analysis, The New Industrial State, attempts to develop a systematic theory to account for the changes which have taken place in the advanced capitalist economies since the Second World War. He sees to be of particular importance the increasing development and application of technology in production, increased state economic activity, the rise of large-scale business organization involving new forms of planning, and the regulation of overall demand by the state. The result of these developments, Galbraith proposes, is a qualitative transformation of economic life, the central features of which is the effective abolition of the market with the rise of the great corporations.

"...we have an economic system which, whatever its formal billing, is in substantial part a planned economy." (106)

The new forms of planning, characteristically effected through the larger productive firms, overcome the dictates imposed by the market by such means as its outright abolition, its control by sellers and buyers, and its suspension by means of contracts. Galbraith further elaborates a version of the "convergence" thesis, suggesting that the division of labour associated with advanced technology impose common imperatives on all forms, "capitalist" and "socialist", of the developed industrial economy. (107)

Galbraith is effectively positing the historical demise of capitalism in post - "managerial" society, as examined by Burnham and others. At an earlier stage, he contends, power lay with capital to which the other factors of production were subordinate. Even earlier, the dominant role of agriculture in total social production resulted in the "eminence of land". Galbraith's thesis is that historically any given "factor of production" aspires to a position of dominancy by virtue of its relative scarcity-value.

"Power goes to the factor which is
hardest to obtain or hardest to replace.
In precise language it adheres to the
one that has the greatest inelasticity of
supply at the margin." (108)

Galbraith proposes that a new shift of power, corresponding to that from land to capital, has occurred. Capital now being a freely available factor, the dominant contemporary problematic concerns the field of technology, "the systematic application

of scientific or other organized knowledge to practical tasks." (Ibid., 23) Accordingly the locus of power is now to be found in "organized intelligence." Symptomatic of this transition, for Galbraith, are the loss of power by stockholders, the consolidation of the position of corporate management, the declining social significance of the banker, the newly gained prestige of education and educators, and above all "the increasingly energetic search for industrial talent." (Ibid., 67)

Galbraith refers to this new centre of economic power as the "technostructure". With the rise of the modern corporation, technology and planning necessitate the emergence of a specific type of productive organization. The entrepreneur no longer functions as an independent economic actor in the mature economic corporation. Group decision-making, rather, is the typical mode of corporate organization. This decision-making process incorporates various strata of corporate personnel, including all those who as participants contribute information to group decisions. It extends from the most senior officials of the firm to the white and blue collar workers who conform more or less mechanically to instruction or routine. In sum :

"It embraces all who bring
specialized knowledge, talent
or experience to group decision-
making." (110)

This heterogeneous "technostructure", its heterogeneity reflecting the diversity of the division of labour that accompanies the fragmentation of work tasks with advanced technology, is, for Galbraith, the dominant factor of production

or locus of power in the modern enterprise.

One particular area where Galbraith sees decision-making to have overcome the imperatives of the capitalist market is that of the application of savings to investment decisions.

"The decisions on what will be saved are made in the main by a few hundred large corporations. The decisions as to what will be invested are made by a similar number of large firms to which are added those of a much larger number of individuals who are buying dwellings, automobiles and household appliances. No mechanism of the market relates the decisions to save to the decisions to invest." (111)

Galbraith suggests that the process of centralized group decision-making within and by the technostructure imposes particular imperatives on the corporation. In particular, the apparatus of group decision is vulnerable to intervention by external authority, especially by the state and by stockholders. Independence from the former is guaranteed by the corporate charter, while that from the latter derives from the distribution of corporation stock to an increasing number of hands. (Ibid., 86) Corporate autonomy takes the form of self-financing and protection of profits by planning, removing the control of the banking system from industry. Galbraith is offering an interpretation which denies a central aspect of Lenin's characterization of the present epoch as that of Imperialism ("finance capital"). Industry is seen as self-financing,

undermining the merger of industrial and finance capital through the institutions of banking that Lenin identified early in the twentieth century. Galbraith himself indicates the importance of this contention when he observes :

"Few other developments can have more fundamentally altered the character of capitalism." (112)

Closely related to Galbraith's model of self-financing, autonomous corporations is his optimism concerning the long-term viability of the big corporations. How, he asks, can the technostructure guarantee its autonomy by not making economic losses and consequently being compelled to appeal to bankers? His answer is, quite simply, that "the big corporations do not lose money." (Ibid., 90)

The organized part of the economy, that is to say, has a developed technostructure that is able to protect its profits by planning. This claim, as an assessment of the long-term viability of corporate capitalism, will be examined later. For the present, it will be noted that it corresponds to and complements Galbraith's view that "organized intelligence" is the distinctive feature of the modern corporation and that, as a corollary, problems such as that of profitability are amenable to a "rational" organizational solution.

As indicated, Galbraith's analysis of the technostructure and its place in wider society at least implicitly contends the demise of classical capitalism. The central justification of this claim, for Galbraith, is that the autonomy of the corporation

in relation to influence by the market undermines the basic mechanisms which previously compelled firms to pursue profit-maximization as the primary organizational goal.

"So far from being controlled by the market, the firm, to the best of its ability, has made the market subordinate to the goals of its planning." (113)

The goal of these planning decisions could, Galbraith observes, still be the greatest possible profit. His claim, however, is that this need not be so. "The market is no longer specifying and enforcing that goal." (118) Galbraith challenges Berle and Means' concern over irresponsible managerial abuse of position. He suggests :

"The danger of abuse, through personal profit maximization, disappeared as power passed into the technostructure." (114)

In order to support this claim, Galbraith draws an analogy, quite consistent with his notion that power resides in the factor of production which has the greatest scarcity value. When capital was decisive in this way he contends, the capitalist through his control of the corporation, maximized that item which he provided, namely money. The now dominant technostructure, on the other hand, supplies specialized talent and organization rather than capital. As a consequence "organizational success" is the primary goal of the economic corporation. The organization involves first and foremost co-ordination. This means that :

"all individuals are persuaded to set aside their individual purposes or goals and pursue those of the organization." (115)

The means of inducement to such co-ordination constitute the sphere of motivation. Possible means to promote this motivation identified by Galbraith are compulsion, pecuniary means, identification with the organizations goals, and the harnessing of aspirations to change those goals to the structure of the organization itself. Galbraith contends that the two operative motivations for the technostructure are the latter two, those of "identification" and "adaption". (Ibid.,145-6)

When examining what types of specific goals these motives serve, Galbraith orientates his work with an assumed consistency between the goals of the corporation, those of wider society as a whole, and those of the individuals who comprise it. As he elsewhere polemically (and questionably) suggests : "As always, reality is in harmony with itself". (Ibid., 136)

On this basis, he observes that the chief concern of the technostructure is the manufacture of goods and of the demand for them. Once the corporation thus productively involved has, through the attainment and development of its autonomy, guaranteed its own survival, however, some choice between rival goals becomes possible. Particularly powerful and pervasive goals, are those of economic growth and "technological virtuosity". A whole variety of lesser goals are then open, ranging from political support, to endowments to educational institutions.

The Galbraithian corporation, in short, is planned, no longer primarily structured by the pursuit of maximum profits, and dominated by the technostructure. It is, further, associated with a stabilized economic order, qualitatively distinct from the earlier epoch when corporate power belonged unequivocally with capital. As a corollary, the development of the "industrial system" has led to the demise of the independent existence of the labour movement, its incorporation into a wider set of processes and relations.

"The industrial system has now largely encompassed the labour movement. It has dissolved some of its most important functions; it has greatly narrowed its area of action ; and it has bent its residual operations very largely to its own needs." (116)

Consequently, revolutionary socialism is unattainable in the advanced technocratic industrial societies. The key and distinguishing features of classical capitalism - dominance of the profit-motive, cycles of economic expansion and contraction (boom and slump), and class conflict - are conspicuously and systematically absent from Galbraith's theoretical reconstruction of The New Industrial State. Before critically assessing the thesis we will finally look at Galbraith's evaluation of the role of the contemporary state in relation to the technostructure.

Weber, it will be remembered, constructed a model of capitalist society in which the state, at least in the ideal-typical case of "rational" capitalism, reflected the rationality that he found at the level of day-to-day, calculable

capitalist activity. Now while on all important points Galbraith's view of contemporary industrial society is one of a "post-capitalist" form, a similar theoretical transposition is made in his work. The state and the industrial system, he observes, are inextricably associated :

"Given the deep dependence of the industrial system on the state and the nature of its motivational relationship to the state, i.e. its identification with public goals and the adaptations of these to its needs, the industrial system will not long be regarded as something apart from government. Rather it will increasingly be seen as part of a much larger complex which embraces both the industrial systems and the state." (117)

Galbraith notes four particular services that the state performs for the industrial system : the education necessary for required qualified manpower : finance and provisions for scientific and technical innovation : the regulation of aggregate demand : and the regulation of wages and prices for overall stability. (Ibid., 300) Whereas the relationship between the entrepreneurial corporation and the state was essentially a pecuniary one, the technostructure has less scope for direct political control and action. Yet, Galbraith observes, the state is consistently favourable to the technostructure, generally accommodating to its needs. Thus, although it has no direct political power, the technostructure must have "other methods of influencing social action of far, far greater significance." (Ibid., 309-10)

Galbraith's solution lies in the already-mentioned "principle of consistency", in this case referring to a correspondence between the goals of the state and those of the technostructure within the industrial system. The state's goals, in particular economic stability, expansion and growth, education, scientific and technical advance, and national defence, all have their counterparts in the needs and goals of the technostructure.

"At each point the government has goals with which the technostructure can identify itself. Or, plausibly, these goals reflect adaptation of public goals to the goals of the technostructure." (118)

The notion of a rigid dividing line between government and private firms is "imaginary". Galbraith depicts a symbolic, complementary relationship between the state and the essentially undivided if not empirically homogenous, system of social production. "To a remarkable extent", he observes :

"...the industrial system embraces and absorbs these class interests. It does so partly by minimizing the reality of conflict and partly by exploiting the resulting malleability of attitude to win control of belief. The goals of the industrial system, in this process, become the goals of all who are associated with it and thus, by slight extension, the goals of the society itself." (119)

Despite such neo-Hegelian "illuminations" (given Galbraith's analysis of the "industrial system" and its relations with the state it would not be inconsistent for him to identify state employees as the "universal class"), Galbraith is not altogether unaware of the at least potential conflict points in contemporary societies. Thus, for example, he urges the desirability and even inevitability of a system of wage and price restraint (Ibid., 263) In general, however, Galbraith's analysis portrays a qualitatively new type of productive system, no longer characterized by the dominance of the profit motive crisis or even the structural significance of rivalry and competition. This system, moreover, is seen to be largely structured by and in relation to a type of state which, for Galbraith, is essentially indeterminate in terms of class content or bias. This is the thesis that we will now critically assess.

Galbraith's portrayal of contemporary society, as we have stressed, assumes as a central element that the classic capitalist cycle of expansion and contraction has, with the emergence and consolidation of the big corporation dominated by the technostructure, been overcome. Planning has ensured that corporate profitability is guaranteed, and consequently new, non-profit-maximizing motives have gained ascendancy in the organized corporations. Directly related to this contention is Galbraith's portrayal of the large corporation as autonomous, self-financing, and consequently independent from the banks and other external money supplies.

The contemporary Western industrial world hardly fits this picture, however. Internationally, almost if not all these countries ~~xxx~~ entered a phase of recession during the mid-1970's. An extended period characterised by a fall in corporate profitability in Britain, for example, has been largely responsible for a collapse of liquidity which has produced a series of bankruptcies or near bankruptcies (120) 1974, for example, saw a 15 per cent rise in the total number of company liquidations. Among those firms which have been saved from bankruptcy only by immediate and substantial government financial aid are Ferranti, a major electrical engineering firm, and Aston Martin motor manufacturers. Britain's largest privately owned exporting company British Leyland, moreover, has for some time been in a near-bankrupt condition. Faltering economic expansion, empirically challenges Galbraith's assessment of corporate profitability, and consequently his overall assessment of the character of contemporary Western industrial societies.

At the same time, his view of corporate autonomy is seriously questioned by the recent history of enterprise profitability. A recent assessment indicates that the corporate debt in the United States amounts to a total of one trillion dollars. (121) In such conditions, banks become increasingly a supply of corporate funds for investment, interest and repayment charges constituting a considerable corporate expense (122) The tendency towards self-financing, which was characteristic of the post-war expansionary period has thus been reversed. Lenin's observation that in the epoch of imperialism "the

industrial capitalist becomes more completely dependent on the bank" (123) constitutes a more adequate description of the present relationship between the banking and corporate industrial spheres than does Galbraith's "atomic" model, as the figures for corporate debt in the United States and industrial financing in Britain clearly indicate.

Galbraith's depiction of the present condition of the labour movement in these countries is equally erroneous. The industrial system, it will be remembered, is seen to embrace and absorb the various class interests, in which context Galbraith specifically mentions those of capital and labour. The advanced Western countries, however, have witnessed an increasing wave of working class militancy during the late 1960's and early 1970's, a militancy which has developed to a considerable extent outside the unions which, in Galbraith's view, have lost their independent basis for action. The British figures, for example, evidence a rise in both the scale and the length of strikes. (124)

There is, in fact, a contradiction in Galbraith's thesis concerning wage and related struggles. In the first place, he claims as fact the demise of class conflict of the traditional pattern with the incorporation of the working class into the "industrial system" (125). At the same time, he recommends as policy what are essentially class collaborationist strategies of restraint : "all associated with the industrial system also benefit substantially from restraints on prices and wages." (Ibid., 257). Were the working class as integrated as Galbraith suggests, and clearly this is not the case, it would

hardly be necessary to urge restraint in wage demands in this way. Far from supporting or being compatible with his analysis of the technostructure, Galbraith's warning concerning the destabilizing effects of the wage-price spiral indicates precisely that the economic struggle over the proceeds of labour that characterizes capitalist society is still visibly, indeed strongly, operant. (126)

Galbraith, in short, not only fails to adequately establish the historical transcendence of classic capitalism, but in fact tacitly concedes its continued existence. "Reality" may always be "in harmony with itself", but Galbraith's New Industrial State is not. Capitalism is still characterized by the dominance of the pursuit of profits. Galbraith's location of the centre of corporate power in "organized intelligence" constitutes a mystification. Scientific, technical and managerial skills are undoubtedly required on a progressively increasing scale by modern technology, but Galbraith offers no convincing account or explanation of the demise of capitalism and the power of capital. In fact its scarcity in the recent period has been obscured by the creation of an ever-increasing scale of inflationary or "fictitious" capital. Galbraith's thesis of the corporate dominance of the technostructure is quite speculative, without theoretical demonstration. What Galbraith fails to distinguish is the proximate form of the division of labour and expertise within capitalist firms, and the *raison d'être* of those firms, as imposed by the property relations and profit-orientation of the capitalist system. In effect, he abstracts the former from its context within the latter.

Given this, Galbraith's analysis of the state itself is immediately rendered questionable. If capitalism, as the profit-directed mode of private ownership survives, as is the case, the patterns of state involvement should not be expected to be "interest-neutral" in the way that Galbraith suggests. In Britain the "nationalized" industries have in fact been the source of cheap supplies to the privately-owned productive sector, and government demand management has been by and large a function of a declining national capitalism in the context of a competitive international system. The state, that is to say, functions as an agency supportive of private property and consequently the dominance of capital (127). Weber's "systems rationality" emerges in a distinctive form in Galbraith's technostructure-dominated society. Rational corporate planning is seen to generate a stable, calculable, integrated industrial system. This model, we suggest, is neither theoretically nor empirically adequate as a characterization of the contemporary capitalist world.

CRITIQUE: THE SOCIAL BASIS OF BUREAUCRATIC DOMINATION (AND
ABSTRACTED HUMANISM).

Inseparable from the "technocratic state" thesis, is the assumption of a correspondence between rational corporate planning and the complementary state structure, the relationship between the two institutional orders constituting an essentially unproblematic unitary symbiosis. What this model, epitomized by Galbraith's "technostructure", but a recurrent feature of the thesis as a whole, does not consider is the way in which the advanced capitalist economy, including its characteristically interventionist state form, is still encumbered and constrained by the imperatives of capital accumulation. Sohn Reihel's distinction between "economy of plant" and "economy of market", with the state acting as the conscious "head" of the production and reproduction process, identifies an important source of the severe constraints imposed on corporate rationality in the still unplanned capitalist market as a whole. Scientific management in the plant economy coexists with the market form of private appropriation in the advanced capitalist economy. There is, however, no intrinsic or necessary correlation between the maximized output associated with continuous flow technology on the one hand, and the profitable "realization" of that output in the market on the other. (128)

In the sector of motor car production, for example, an industry almost synonymous with the post-war phase of economic expansion, there was a world-wide decline of between a quarter and a third in the market demand for products in the year following the December 1973 rise in oil prices. Leading

sections of this industry, such as General Motors, Ford and Chrysler have been compelled by this fall in demand to cut production by means of redundancies and at least temporary factory closures. (129) This particular development illustrates in concrete terms the essentially anarchic influence that the capitalist market exerts on the individual, rationalized productive units which comprise its commodity source. The contradictory relationship between these two structural tendencies is graphically expressed in the reality and prospect of idle productive machinery and an unemployed workforce.

The specifically capitalistic character and source of this contradictory relationship between corporate rationality and an unplanned market is obscured by the concept of "urban" or "industrial" society on which the technocratic model of contemporary state and society rests, "Industrial", in fact, refers to and describes a pervasive aspect of the culture of capitalist society rather than the society itself. (130) "Industrial" refers to technology, involving sources of power and the material organization of men and machinery. Technology, however, is applicable to different types of society, both historically and potentially. The capitalist dislocation between organized and planned, often large-scale industrial enterprises and the overall uncoordinated relations between them at the national and global levels is not inherent in or "natural" to the contemporary forms of technology as such. The body of techniques and skills that constitute the elements of advanced technology is the historically consolidated residuum of human society's mode of relationship

with the natural world. The particular patterns of social relations within which this transaction is effected, on the other hand, constitute the social structure which characterizes the particular type of society within which men live. A conceptual distinction can thus be drawn between "industrial society", which refers to a form of technological development and application, and capitalist society, which describes the application of labour power to the transformation of the elements of nature into commodities for profit within the specific social context of privately owned means of production.

The effect of the technocratic theorists' central preoccupation with the theoretical concept of "industrial" society has been to abstract that complex of cultural phenomena from their context of the nexus of social relations which circumscribes and, in doing so, determines their application. To posit a corresponding state form, the essential features of which derive from its relationship to the industrial economy which it supervises or coordinates, is to further compound this reification of technique. The extended pursuit of profits, the central dynamic of capitalist society, has no place in such a technocratic model. Similarly, class conflict, traditionally expressed in the form of the wages struggle, is either effectively denied on the basis of a calculable optimal resolution (Wilensky, Galbraith) or viewed as actually or immanently transcended (Burnham).

Thus deprived of the possibility of the liberative political potential of the subordinate working class, the "technocratic state" theorists characteristically identify intellectuals or an abstract "humanity" as the counterforce to the oppressive aspects of technocracy. Wright Mills suggests :

"At this point in human history, the role of intellectuals might well be crucial, for there is much evidence that political ideas could now become crucial....Ideologies and programmes, arguments and critiques, handled by intellectuals can make a difference in the shaping of our epoch and in the chances to avoid World War Three." (131)

While disclaiming a belief that intellectual workmen will inevitably "save the world", Wright Mills argued with passion and conviction the view that a serious attempt to re-assess the political nature of their collective endeavour could constitute an important counteracting influence in the bureaucratic era of total war.

Rather less determinate is Aron's humanistic concern at the prospect of an increasingly scientific and technological order not derived from and applied in the pursuit of conscious and positive human purpose. Aron speculates :

"If the time should ever come when a few men were, or believed themselves to be, 'masters and possessors of social nature,' then perhaps the drama would be over. But the individual would have forfeited his sense of liberty. Would a life subjected to a rational and purposeless organization still be human?" (133)

The analytical source of such "abstracted" perceptions of the counterveiling forces to the "blind" imperatives of technology, as well as of the "technocratic state" thesis as a whole, may be found in the failure of its proponents to adequately demonstrate the independent foundations of bureaucratic domination that the thesis assumes. The reification of authority as the primary determinant of patterns of structured social domination was criticized in our earlier discussion of Dahrendorf. The thesis of bureaucratic domination by the representatives and spokesmen of a technocratic state apparatus constitutes a particular case of this tendency to abstract a mode of social domination from a demonstrable social basis for its overall ascendancy and chief beneficiaries in particular. Weber's discussion of bureaucratic domination,, which was our starting point, identified an inherent affinity between a formally rational mode of social domination and a formally rational economic structure. This affinity, moreover, was expressed in terms of a causal relationship, although Weber was especially cautious to avoid a position of absolute economic determinism. Thus, discussing the relationship between economy and mode of domination he suggests :

"the structure of dominancy is in many cases both a factor of great economic importance and, at least to some extent, a result of economic conditions." (134)

In addition Weber saw bureaucratic political domination to have a base in mass democracy (Ibid., 983). Technically, it is impossible for the whole population of developed industrial societies to govern themselves. Consequently, representative political parties will tend to organize themselves in a "rational" or bureaucratic way when presenting their respective policies and demands.

With his methodological conception of "formal" rationality Weber was able to view the bureaucratic structure as a purely technical instrument, neutral towards social "ends" and goals. (Ibid., 990) "Substantive" rationality, on the other hand, involves the consideration of goal-orientated rational calculation in relation to ultimate ends. That is, it involves the sphere of value-judgements and ideology, the arena of concrete conflicts over different values and interest-complexes. Weber, of course, recognized the historical possibility of a divergence between the formal and substantive rationality within industrial enterprises, resulting in conflict and antagonism between different class formations. (Ibid., 98) The formal system of rational social action, that is to say, may engender highly "irrational" substantive forms and developments.

As we have seen, however, Weber's discussion of bureaucracy and bureaucratic domination views the activities of the private entrepreneur and the separation of the worker from the means of production as aspects of the general rationalization of the modern Western world. Socialism,

moreover, if technically possible, would simply constitute an extension of this process rather than a transition to a qualitatively different type of social organization. The developments which Weber identifies in the process of "ongoing rationalization" are viewed as technological necessities in an advanced industrial system and constitute the cornerstone of Weber's analysis of legitimate bureaucratic domination. In fact they are specific to the particular rationality of capitalist society. We saw in our earlier discussion of Weber how the structural conflicts, norms and values of capitalist society are smuggled into his construct of bureaucracy and in fact become transformed into substantive components of formal bureaucratic organization and domination.

This problematic relationship between formal and substantive rationality and, more specifically, between bureaucratic organization and charismatic leadership, also constitutes the theoretical scenario of his analysis of bureaucracy's own power-base. Weber envisaged a parliamentary arisen charismatic political leader as a check to the independent power consolidation of the bureaucracy. Weber's discussion of the renaissance of patrimonialism after feudalism, and of the tendency of patrimonialism to move closer towards the ideal-type of pure bureaucratism in the period of absolute states. (135) establishes his conviction that the bureaucracy is a serious contender for state power which can, if not controlled, become an effective ruling class itself, no longer the simple technical apparatus of another social

group. The substantive interests of the bureaucratic strata in other words may, for Weber, undermine its role as an element central to the formal rationality of an advanced economy.

This contention is crucial to the question of whether the bureaucracy occupies an independent or supportive position in the structure of technocratic organization. For if the ascendancy of a supposedly dominant social strata cannot be accounted for in terms of its position, source and basis in the overall pattern of social structure, the attribution of dominance to it will be at best descriptive and at worst rhetorical. The general hiatus in post-Weber analyses of the social source of technocratic domination is highlighted in the work of Blau. Blau's general model of authority relations emphasizes their primarily interpersonal character, drawing particular attention to the willing compliance of subordinates in authoritative situations. To quote :

"Complementary role expectations arise in the course of interaction between superior and subordinates and become crystallized in the course of interaction among subordinates." (136)

This general, "all-situation" account is essentially agnostic concerning the sources of the structures of authority which thus emerge, however. The closest that Blau comes to an account of the structural origins of the socially-legitimized hierarchical relationships within

organizations is in his discussion of the distinction between informal and bureaucratic leadership. Informal leadership is seen to freely and spontaneously emerge among a group of peers. It is initially the result of personality differences which become "socially magnified" and crystallized into established patterns of behaviour. The bureaucratic type, by contrast, is the consequence of an already-established hierarchical structure which prevents the social group itself from conferring the status of leadership upon members of their own choice.

"The bureaucratic mechanism that makes this state of affairs a predictable occurrence is the superior's power to impose sanctions, typically in the form of periodic ratings of the performance of his subordinates." (137)

Blau's dichotomy of informal and bureaucratic domination does not, however, imply a resolution to the question of the latter's structural source. A Weberian pessimism concerning the possibility of self-government in large organizations is apparent in Blau's suggestion that, for technical reasons inherent in the attempt at coordination, their members cannot be fully equal in status and power. (Ibid., 80) An attempt to account for the specific determinants of bureaucratic domination is conspicuously absent, however. Rather, Blau draws a positivistic portrayal of bureaucratic structure as a "given", taken-for-granted datum of contemporary social

life and abstractedly identifies it as a challenge to democracy and democratic objectives. (Ibid., 115-6) A money economy, the prevalence of large-scale organizations, and the pervasive influence of capitalistic economic calculation are identified as historical conditions favourable to the development of bureaucracy. Nevertheless, technocratic domination is treated as a threat to democratic organization rather than as a particular manifestation of prevailing power relations. It is, that is to say, discussed as a conceptual tool for analyzing political forms, rather than as an organizational tendency which mediates relationships between competing interest groups in class societies. Thus Blau suggests that to administer a social organization according to purely technical criteria of rationality is, in the last analysis, irrational, since it ignores the "nonrational aspects of social conduct." (Ibid., 58) By this Blau is referring partly to the various exigencies which may arise with changes in the exogenous influences on organizations. In addition, however, he also draws attention to the impediments to operational efficiency due to subjective anxieties and feelings of "anomie" which "often arise among the lower echelons of bureaucratic hierarchy."

Blau does not attempt to account for these subjective obstacles to bureaucratic efficiency in terms of the structure of power which characterizes the labour-management relationship in specifically capitalist societies. The relative lack of power in the context of production of the

worker in such a society renders quite rational the experience of "anomie," defined by Blau as "a state of feeling isolated and disoriented." Through not tracing the material source of workers' subjective disaffection in bureaucratic capitalist structures, Blau's analysis tends towards psychologism. To designate it "nonrational" is to obscure its genesis in their characteristically unequal relations of ownership and control. When Blau does discuss the perception of inequality in these structures, moreover, it is in the context of the contingent and non-necessary relation between bureaucratic authority and the recurrent exercise of arbitrary sanctions and supervision. (Ibid., 81) The inherently structured inequality of the economic transaction between capitalist and wage-labourer is left unexamined.

Crozier's analysis of bureaucracy, while attempting to demonstrate a relationship between power and bureaucratic organization, similarly obscures the objective structural context of specifically capitalist domination. Crozier rejects the thesis that bureaucrats are, or are likely to become, a new ruling class. (138) The institutional routinization of the economic contributions of managers and technical experts, Crozier suggests, prevents this.

"The rationalization process gives him power, but the end results of rationalization curtail this power. As soon as a field is well covered, as soon as the first intuitions and

innovations can be translated into rules and programmes, the expert's power disappears." (139)

Crozier shares with the technocratic theorists an essentially ideological agnosticism concerning the social groups and classes which stand to particularly benefit from technological innovation in capitalist societies. This is especially apparent in his discussion of "bureaucratic rigidity." Seeking to account for the emergence of "vicious circles" in bureaucratic organizations, Crozier suggests that bureaucratic rigidity develops when a failure or breakdown in institutional communication is exploited by individuals or groups "for improving their position in the power struggle within the organization." (Ibid., 194) The norm against which Crozier assesses such a failure of communication is the "Industrial Monopoly" plant in which the extension of rules and, as a consequence, stability and predictability is characteristically accompanied by the ascendancy of "cordiality" and the effective decline of the power and control function.

"The over-all extension of the rules, the stability and predictability of all occupational behaviour, and the lack of interference across hierarchical echelons, all weaken the chain of command considerably. Power is weak down the line, and in its absence there is relative cordiality and lack of concern." (140)

The existence of this hierarchy, however, is accepted by Crozier as inherent in the industrial organization. It is, as with Blau, a datum for description rather than for analysis and explanation. In industrial organizations he suggests, the control of some individuals over others is inseparable from its institutional context. "It is man made and socially created, but it is nevertheless not arbitrary. It is the indirect result of the power struggle within the organization." (Ibid., 162)

Two types of power emerge from this situation: that of the expert, and that which serves to counteract the expert's otherwise monopoly of power. An unchecked power struggle would produce organizational paralysis. Consequently, a structure of dominancy is required to allow an optimal degree of organizational efficiency to emerge. Crozier observes in this context :

"Were it take place without any check, the power struggle would bring paralyzing conflicts and unbearable situations. It is thus necessary that a hierarchical order and an institutional structure impose discipline on the different individuals and groups, and arbitrate between their claims." (141)

The source of these different claims, derived in the last analysis from the ownership of property on the one hand and of labour power on the other is not examined, however.

Crozier's account of organizational power rests on the differential ability of social groups to predict each other's behaviour. Where such predictability is generalized and perfect, Crozier suggests, power relations are a sociological impossibility.

"In such a system, we believe, there is only one rational choice to be made by each protagonist in a collective endeavour. Provided the goals are given, there is only one best way at each level to achieve the assigned task, and one best way also to arrange the hierarchical levels and to assign the necessary tasks." (142)

With full predictability, that is to say, no individual or group would be able to alter the behaviour of any other, and the dimension of power would be accordingly absent. This model views power as determined essentially by ideational rather than structural factors. Without discontinuities in the process of communication within organizations, and without their differential perception by the various groups involved, differential predictability and consequently the emergence of the "power function" would not occur. Social psychology thus replaces the terms for and conditions of the sale of labour-power as the primary determinant of industrial conflict. While dissociating his views from those of the "managerial ruling class" thesis, Crozier shares the technocratic assumption that the capitalist social relations of production do not inherently engender a structure of power. Rather, the

industrial hierarchy made necessary by the imperatives of large-scale production organizations is essentially one of cordiality, departures from this norm being attributable to contingent discontinuities and their effect on actors' perceptions. In this way Crozier transparently demonstrates the management-oriented character of the technocratic thesis. Disturbances of industrial consensus are "accidental" and therefore, in principle at least, remediable.

SUMMARY : THE POLITICS OF TECHNOLOGY.

Technology, contrary to the logic of the technocratic theorists, is, in the context of capitalist society, an aspect of an already existent mode of economic and political domination, rather than the source of a new, distinctive form of domination on the one hand, or a "power-neutral" instrument on the other. Within capitalist societies production is organized on the basis that the worker's activities are subordinated to the decisions of management, whose activities are in turn orientated toward the interests of capital and profitability. Not least of all, technological innovation is, in the last analysis, a political process. The application of innovation in capitalist societies is subordinate to the prosperity and, in some circumstances, survival, of the ruling property-owning class. Delays in application are explicable primarily in terms of the profitability potential of the innovation in question. (143) In addition, whether serving as a means to increase supervision and control of the work force, to improve working conditions

in order to remove sources of possible conflict, or to blackmail sections of the workforce into particular tasks, the rationalization associated with technological innovation has an essentially capitalistic character. Ideologies which purport to discover in technology itself a standard of value for the determination of social priorities (144) or a scientific rationality which has superceded previous religions or political forms (145) typically obscure the ways in which that rationality, seemingly above social relationships, is used to consolidate and further particular interests within them.

The managerial and technocratic experts who administer or supervise the increasingly sophisticated means of production and their relations with the progressively skilled direct labour force operate in a context where "efficiency" and "rationality" are consonant with and supportive to the criteria of profitability. The "human relations" orientation of management practice, for example, while it has passed through a number of stages characterized by different emphases and requirements, has been a specifically twentieth century phenomenon. Its context has been an increasingly capital intensive industrial sector in which hold-ups and discontinuities due to equipment breakdown, worker's industrial action, or high labour turnover can quickly lead to enormous financial losses. Key sectors of the work force can, with relative ease, rapidly bring to a standstill unprecedented concentrations of capital equipment with resulting bottlenecks and tensions for other, related productive sectors. In this situation

profitability is threatened if the managerial skills requisite to the task of developing a social organization in the workplace compatible with the more or less uninterrupted functioning of modern technology are not available.

The "human relations" approach to industrial relations developed largely as a response to the perceived failure of the strategies developed and advocated by F.W. Taylor to achieve their intended purposes. Taylor's system, designed to raise productivity levels through improved organization of production and the maximum utilization of the workers' strictly physical capacities, explicitly assumed and related to the profitability criteria of capitalist society. Thus he observed that each shop or plant "exists..... for the purpose of paying dividends to its owners". (146) It was this aspect that led Lenin to characterize the Taylor system as a manifestation of the "brutality of bourgeois exploitation." (147) As a number of commentators, including D.S. Beach, have observed, this system probably on the whole worsened labour-management relations and lost more through the resulting industrial disputes than it gained through increased productivity. (148) Its crude emphasis on the "one-best way" to structure work tasks consequently gave way to the increasing influence of the "human relations" approach which was, and remains, more sensitive to the problems associated with the "social organization" of the work process.

It would be a mistake, however, to radically differentiate the structural significance of the "production engineering" and

the "social organization" approaches to workplace control. Both, in the last analysis, derive their rationale from the problems associated with labour productivity and discipline in a competitive capitalist environment, from what M. Hales has termed "working out in scientific terms the logic of domination over work and praxis in particular historical conditions". (149)

The application of technological and managerial skills in such a context is far from politically neutral, as is frequently claimed in management-orientated social science. The desire of workers to achieve a steady wage and that of management to sustain controlled and reliable production, Anne Shaw has argued, both find expression in the system of measured daywork, where a fixed bonus is paid in addition to basic wage rates in exchange for additional effort. The coercive basis on which this seemingly class-neutral method of regulating payment for labour power expended in the application of technology within the capitalist enterprise is indicated, however, when Shaw points out that management :

"retains a sanction because if the operator fails to meet the required target for any reason for which he is responsible the bonus can be withheld." (150)

Such uses of technological and managerial skills are first and foremost an aspect of specifically capitalist social relations and serve primarily to reinforce the dominant

interests within that relationship.

This political role of technology is especially transparent when, as at the present time, the state plays an increasingly prominent part in the financing of research and development. (151) The institutions of government, industry and universities become increasingly linked in a single system whose primary purpose is to ensure the economic growth and the political stability of industrial capitalism. The financing of research, industrial research, by the state is especially developed in the United States where, combined with the relatively high levels of corporate funds available for research financing, state involvement in this sphere has given American capitalism an international advantage in competitive technological development. (152) The same process, deriving largely from the increasingly competitive capitalist market of the post-war period, has characterized the Western world as a whole to an increasing extent in recent years. (153)

A critical consideration of Mandel's thesis of the "third industrial revolution" will help to clarify the importance of considerably state-engendered technological development for the political economy of post-war capitalism. This thesis is an aspect of Mandel's analysis of "neo-capitalism". Mandel argues that while the "central contradiction" of capitalism, the survival of the private form of appropriation in the context of the effective socialization of production, remains, a structural change, originating during the 1929-32 period or since the Second World War, has introduced a new stability. Mandel identifies a number of developments which

together warrant the use of the term "neo-capitalism". In particular, he points to the supposed independence of industrial capital from the banking system, the forward-looking pricing strategies of the modern capitalist enterprise, and the extent to which the state has moderated the business cycle. To quote from Mandel's widely-read Marxist Economic Theory :

"The capitalist economy of this phase tends to ensure greater stability both of consumption and of investment than in the era of free competition, or than during the first phase of monopoly capitalism; it tends towards a reduction in cyclical fluctuations resulting above all from the increasing intervention of the state in economic life." (154)

It is within and as an aspect of "neo-capitalism" that Mandel elaborates his thesis of the third industrial revolution. He observes :

"In the current period of expansion, we are witnessing an accelerated technical progress, a genuine technological revolution for which the expression 'second industrial revolution' or 'third industrial revolution' hardly seems adequate.

We find ourselves, in fact,
before an almost uninterrupted
transformation of the techniques
of production." (155)

The close connection between Mandel's theories of neo-capitalism and the technological revolution is especially apparent in his 1964 paper The Economics of Neo-Capitalism. There he identifies the decade following 1954 as the "heyday of neo-capitalism," The economic growth which characterized the advanced capitalist world during this period was not, he suggests, simply the consequences of post-war reconstruction. Rather, it was the expression of a "Kondratieff", or a long-wave of economic expansion involving several normal or shorter economic cycles. Connected with the arms race, it constitutes a 'third industrial revolution' with a "tendency to become permanent." (186)

Mandel stresses, however, the problematic character of this long-wave of expansion with the increased bargaining power of the trade unions. He even suggests that with the development of this contradiction the increased rate of economic growth would be no longer sustainable. Nevertheless, as late as 1971 Mandel predicted that the downturn in world economic activity would be slow and protracted.

"The international capitalist system as a whole has emerged from a long cycle of expansion to begin a long cycle of much slower growth and many more crises..... The

merry-go-round has only begun.
The long cycles last on the
average twenty to twenty-five
years." (157)

The emergence of not merely slower economic growth but actual decline in production and trade within the capitalist world (within four years of this prediction) raises a serious question mark over Mandel's characterization of the post-war period as one of neo-capitalism. Our particular concern, however, is Mandel's conception of a "third industrial revolution", based on nuclear energy and electronic machinery. As we have seen, this revolution is perceived in terms a "transformation of the techniques of production," is characterised as an "uninterrupted technological revolution." (158)

From a Marxist perspective, however, technique is a single and not the primary aspect of the productive forces. Marx, in this context, observed that "of all the instruments of production the greatest productive power is the revolutionary class itself." (159) The significance of this statement is apparent if the industrial revolution of the eighteenth and especially nineteenth centuries is considered. That revolution was bound up with the total transformation of the previously existent social structure. In particular, it saw and expressed the consolidation of capitalism as a global system, and especially the emergence of the industrial working class. The technical transformations of the mid-twentieth century identified by Mandel represent the accelerated

development of a tendency recognized by Marx in the Grundrisse : the decreasing relevance of labour power for the production of wealth, the use-value aspect of commodities, with the development of industry. In a now rightly celebrated passage in that work, Marx predicted

"But to the degree that large industry develops, the creation of real wealth comes to depend less on labour time and on the amount of labour employed than on the power of the agencies set in motion during labour time, whose 'powerful effectiveness' is itself in turn out of all proportion to the direct labour time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production." (160)

As Marx elaborates, this tendency testifies to and embodies the increasing role and indispensability of knowledge in capitalist production :

"The development of fixed capital indicates to what degree general social knowledge has become a direct force of production, and to what degree, hence, the conditions of the process of social life itself have come under the control of the general intellect and been transformed in accordance with it." (161)

Neither this increased role of social knowledge in the production process nor the progressively diminishing importance of direct, living labour power in the creation of wealth are expressive of a fundamental transformation in the social relations of production such as that which occurred in the 18th and 19th centuries, however. The extraction of surplus value from labour remains the corner-stone of capitalist enterprise and, while the objective conditions classically identified by Marxists as compatible with the abolition of private ownership of the means of production are intensified, this transformation in no sense is effected on the basis of the existing property relations. Mandel's "third industrial revolution", relying exclusively on transformations in the sphere of technique, is a serious misnomer to say the least. Within Mandel's work it serves to reinforce his depiction of the relative stability of post-war capitalism. But when a wider interpretation of production forces is adopted a quite different picture emerges. The transformation of technique of which Mandel speaks represents a further development of the tendency for science to be applied "in the service of capital in its domination over the labour force." (162) With the growth of constant in proportion to variable capital the alienated character of the labour process accordingly assumes a more chronic and acute form :

"the objective conditions of labour
assume an ever more colossal independence,

represented by its very extent, opposite living labour, and that social wealth confronts labour in more powerful portions as an alien and dominant power. The emphasis comes to be placed not on the state of being objectified, but on the state of being alienated, dispossessed, sold." (163)

In such alienated conditions, the development of nuclear energy and automation, the corner stones of Mandel's "third industrial revolution", pose the threats of nuclear war and unemployment at least as much as the prospect of relative economic stability. Mandel is, of course, aware of this. He explicitly relates the post-war expansionary "Kondratieff" wave to the arms race, and elsewhere refers to the risk of atomic war. (164) Nevertheless, we would stress that his conception of a "third industrial revolution" is erroneous because of his exclusive reliance on purely technological factors. While that transformation of technique is an important aspect of post-war capitalist development, it is a single aspect of the total complex of productive forces. Those productive forces, moreover, are activated increasingly against the interests of the great mass of the world's population, and to attempt, as Mandel does, to assess the recent "flowering" of technique in terms of and in comparison with the progressive, revolutionizing socio-technological transformations of the previous two centuries is to directly or indirectly obscure the repressive and, as recent history from Hiroshima to Saigon demonstrates,

destructive forms of its application.

Technical knowledge is unquestionably an increasingly important factor in the economic and political functioning of advanced capitalist societies. As Meynaud has pointed out, however, the claim that either technology or its human representatives operate in a politically neutral manner in such societies ignores the reality that one group holds effective power and is materially privileged in relation to the majority of members.

"In reality, in the present social context, whether or not social deomocrats are in the government, technocracy is a direct or indirect factor of conservatism." (165)

The imperatives of accumulation in capitalist societies deny the technocratic social strata an independent power base from which to develop the social characteristics of a ruling class with a corresponding and distinctive state form. With the unlikely exception of practicing sabotage against their capitalist employers, they are subject to the logic, imperatives and rationality of the capitalist structure of domination. The political economy of late capitalism, in other words, defines the context and social significance of scientific knowledge and its technological application in contemporary Western societies. It is the inescapable scenario of the practices of the managerial and technocratic strata. The notion of

a distinct social type of technocratic state is an optical illusion, suggested by the increasing adoption and application of technocratic strategies and techniques by the specifically capitalist state form. (166)

BUREAUCRATIZATION, TECHNOCRACY AND THE STATE.

REFERENCES:

1. P. Blau (1971), 114
2. L. Von Mises (1944), 45
3. Ibid., 49
4. Ibid., 84
5. Ibid., 103
6. See R. Dahl (1956), S.M, Lipset (1969), J.K. Galbraith (1963)
7. R. Michels (1962)
8. G. Mosca (1939)
9. C.W. Mills (1963), 237-8. See also C.W. Mills (1959) 24-7
10. At some points Mills came close to adopting the "convergence" thesis. For example, he proposed :

"In the U.S.S.R. and in modern totalitinarism in general the integration of autonomous forces is explicit ; in the formal democracies it is much less so, and it is by no means a completed process. Yet it is well under way".

(C.W. Mills, 1959, 37)

The convergence thesis as such is not our concern here, however. We will simply indicate this aspect of Wright Mills' work.
11. S. Neumann (1942), 3-4
12. H. Arendt (1951), 9. See also W. Kornhauser (1959), and H. Lasswell (1941).
13. F. Tönnies (1955), 17
14. Ibid., 25
15. Ibid., 104
16. H. Arendt (1951), 9
17. F. Neumann (1944)
18. See, for example A. Schweitzer (1964), 17-18
19. V.I. Lenin (1973), 130
20. P. Blau (1971), 14
21. M. Weber (1968), 921

22. Ibid., 1121-3
23. M. Weber (1970a), 54
24. This interpretation is shared by, among others, Gerth and Mills, who note :

"The principle of rationalization is the most general element in Weber's philosophy of history. For the rise and fall of institutional structures, the ups and downs of classes, parties, and rulers implement the general trend of secular rationalization." (Ibid.,51)
25. H. Arendt (1951) 171
26. S. Neumann (1942), 230
27. For a general, if not unbiased, study of these theories, see R. Aron (1968a)
28. L. LaPalombara (1963), 6-7
29. See I. Weinberg (1969)
30. C. Kerr et. al. (1962) 284
31. Ibid., 284
32. Ibid., 285. An even more extreme, as well as explicitly pessimistic version of this thesis may be found in J. Ellul (1964). Ellul speculates :

"Technique must reduce man to a technical animal, the king of the slaves of technique. Human caprice crumbles before this necessity; there can be no human autonomy in the force of technical autonomy." (138)
33. E. Strauss (1961), 94
34. Ibid., 95
35. The major feature common to the two writers, we will suggest, is the non-relational, fetishized nature of their central "economic" categories. See W.W. Rostow The Stages of Economic Growth (1960). Space prevents us from developing this criticism in the specific case of Rostow, however. Rather, we will be concerned with the more directly "sociological" variants on the technocratic theme.

36. R. Aron (1967a) 73
37. R. Aron (1967b) 97
38. R. Aron (1967) 79
39. R. Aron (1967b) 96
40. Ibid., 99 See also R. Aron(1967) chapter 8.
41. R. Aron (1967b), 101
42. Ibid., 108
43. R. Aron (1968b) 8
44. Ibid., 23
45. Ibid., 34
46. R. Aron (1967), 235
47. R. Aron (1968b), 108
48. Ibid., 87
49. R. Aron (1967), 103. See also, R. Aron(1967b), 135
50. R. Aron(1968b), 140
51. R. Aron (1967b), 136
52. For a general discussion of the context and development of recent incomes policies, see B. Warren(1972)
53. R. Aron (1967), 81
54. R. Aron (1967b), 112-3
55. R. Aron (1968c) 169-70
56. R. Aron (1967), 239
57. R. Aron (1967), 79
58. See L. Trotsky (1967), H.L. Ticktin (1973)
59. R. Aron (1968b), 89
60. See, for example M. Nicolaus (1967), and P. Walton and A. Gamble (1972), 220-6
61. A. Sohn-Rethel (1973)
62. D. Bell (1972), and (1974)
63. J.K. Galbraith (1969)
64. In particular, H. Marcuse (1964), and A. Touraine (1974)

65. A. Giddens (1973), chapter 14.
66. A. Touraine (1974), 3
67. Ibid., 5-6
68. Ibid., 166
69. Ibid., 47
70. Ibid., 75
71. Ibid., 49
72. H.C. Wilensky (1967), vii
73. Ibid., viii
74. Ibid., 174
75. Ibid., 38
76. Ibid., 173-4
77. There is a particularly grim irony in Wilensky's illustrative use of the American C.I.A. in the context of his analysis of the "interest-neutral" application of knowledge. A useful counterweight is N. Sihanouk, My War With the C.I.A., Harmondsworth, 1974.
78. Our concern in the later section "Political Economy and the British State".
79. H. Wilensky(1967), 174
80. K. Marx (1972b), 382
81. R. Aron (1967), 206
82. J. Burnham (1943), 194
83. J. Burnham (1945), 64.
84. P. Sweezy. The Illusion of the Managerial Revolution (in 1953), 40.
85. J. Burnham (1943), 171
86. J. Burnham (1945), 12
87. Ibid., 83
88. Appendix 2, in L. Trotsky (1971), 261
89. J. Burnham (1945), chapters 14 and 16.
90. A distinct but in some ways comparable thesis is developed by T. Veblen in The Engineers and the Price System (1954) Veblen contends that the economic structure of developed

capitalism, characterized by the division of interest between "absentee owners" and "the underlying society," typically generates a high level of waste and sectional obstruction practices. Business enterprise is directed toward maximizing the role of return on capital, while the opposing interests of the majority of society lie in increasing the output and distribution of consumer goods. Veblen identifies the major wasteful consequences of this structural conflict to be unemployment of materials and manpower, the proliferation of parasitic salesmanship practices, the production of spurious and superfluous luxury goods, and the systematic dislocation of the production process for sectional gain by both employers and sectors of the working classes (107-8). Rejecting the possibility of a Socialist solution to this anarchic situation on the grounds of the deferential attitudes of the population at large, Veblen looked to the trained industrial technicians and engineers as the new ruling class, although again he was sceptical as to the likelihood of this development in the near future.

Veblen's thesis is based on the contention that the development of industry has raised the technical efficiency of the productive system to the level of the primary concern of advanced societies. As a result of this development the trained technicians "who now are in possession of the requisite technological information and experience are the first and instantly indispensable

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factor in the everyday work of carrying on the country's productive industry." (133) The "General Staff" of the production system, they alone can, if organized for control, guarantee the material welfare of society as a whole.

While Veblen's comments on industrial "sabotage", under which he includes strikes and factory lockouts, are often highly perceptive, however, he does not draw the logical corollary of the structurally generated conflict he identifies between the interests of entrepreneurs in profits and those of the underlying population in material welfare. Rather than view the dominant struggle for control to correspond to the cleavage between these two broadly defined groups Veblen, for unclear reasons, identifies skilled technicians as the only group capable of administering a rationally-organised society. His repeated thesis that technicians are necessary for industrial production is unconvincing, as the same applies to the body of productive employees as a whole. Neither does Veblen attempt to explain their nature as an incipient ruling class in terms of their preparedness for revolutionary change. In fact he characterizes the technicians as "a harmless and docile sort, well-fed on the whole, and somewhat placidly content." (135)

Veblen's isolation of this sector of the total labour force as the hearer of material welfare and the historical alternative to the capitalists for the position of ruling class is arbitrary and speculative. In the event of their ascendancy, Veblen suggests that the technicians' powers

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and duties "will be of a technological nature." (141) While this conception of a rationally organized production system approximates, interestingly, to the Marxist notion of the "administration of things" in Socialist society, Veblen's thesis rests on a mechanistic parallel between the technological day-to-day practices of technicians and the purely administrative and technical form of organization in a hypothetical rationally-ordered society. Veblen's new ruling class, like that of Burnham, is misconceived, deriving from the purely technical work-tasks of skilled industrial operators rather than from their social role or function in the process of production. In this sense it is a variant, if idiosyncratic, on the "technocratic" or "industrial society" thesis.

91. L. Von Mises (1944) 77-8
92. S.M. Lipset (1969), 406
93. Ibid., 406
94. C. Kerr et al (1962), 283
95. Ibid., 289
96. S.M. Lipset (1969), 407
97. C. Kerr et al (1962), 273. See also F. Zweig (1961)
98. T. Parsons (1964)
99. See, for example, K. Coates and R. Silburn (1970)
100. F. Zweig (1961), 205-212
101. A thesis developed more fully in W.G. Runciman (1966)
102. J. Goldthorpe, D. Lockwood et al (1969), 83
103. Ibid., 157
104. Ibid., 194

105. A number of other versions of the "incorporation" thesis, including that of Dahrendorf examined above, have been developed during the last two decades or so. From the range of variants available we will mention only that of Marcuse. Marcuse's "neo-Marxist" incorporation-through-technology thesis does little to correct the analysis of the embourgeoisement theorists in the direction suggested. While his study is "critical" rather than favourable or neutral concerning the integration of the working class into the structures and practices of late capitalism, it is not concerned to relate that process of integration to the political economy of contemporary capitalist society.

The structure of recent capitalism as depicted in Marcuse's One Dimensional Man (1964) is essentially totalitarian, characterized by a "non-terroristic economic technical coordination which operates through the manipulation of needs by vested interests." (20) This society, distinguished by its productivity and efficiency, exercises social control primarily through and by the creation of socially-engendered needs. Technology, that is to say, is a vital factor in the process of social control. Marcuse describes a process of "Introjection", by which the individual "transposes the 'outer' into the 'inner'", these two realms referring respectively to society and public opinion on the one hand and individual consciousness on the other. Consciousness is in this way invaded by "technological reality". Mass production and distribution dominate and claim the individual, and as a consequence he comes to identify with his immediate social environment and, through that, with society as a whole. Marcuse's critical pessimism is epitomized in his contention that :

"domination - in the guise of affluence and liberty - extends to all spheres of private and public existence, integrates all authentic opposition, absorbs all alternatives." (31)

Marcuse suggests that the supposed "equalization of class distinctions" in contemporary capitalist society evidences not the disappearance of class, but rather the extent to which the needs and satisfactions that serve to preserve the Establishment are shared by the underlying population, (24). Marcuse's concern with production and technology, however, centres on the marketing and consumption of commodities rather than on the social relations within which they are actually produced. A corollary is his "pessimistic" prediction concerning the future of the capitalist system. Marcuse suggests that Western capitalism will continue to be :

"capable of maintaining and even increasing the standard of living for an increasing part of the population in spite of and through intensified production of the means of destruction, and methodical waste of resources and faculties." (42)

The re-emergence of cyclical and now openly recessionary tendencies in the post-war United States and world capitalist economy renders such a prospect of long-term expansion and stability problematic. As with his less "critical" counterparts, Marcuse's incorporated working class is abstracted from and viewed in isolation from the political economy of late

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capitalism. In place of the concept of the "negative totality" developed in Reason and Revolution (1955). One Dimensional Man promises, sociologically and politically little more than a prospect of total negativity. Far from constituting the grave-digger of capitalism, Marcuse's working class is abandoned to a repressive, if happy, alienated existence. This thesis is, we suggest, essentially the critical equivalent of the theory of embourgeoisement, sharing its weaknesses as discussed above.

106. J.K. Galbraith (1969), 18. -

107. Ibid., 43

108. Ibid., 65

109. This represents a theoretical shift from Galbraith's position in the earlier The Affluent Society. There he developed a view close to Burnham's thesis of the managerial revolution. Having commented on the erosion of entrepreneurial power by the ascendancy of government and trade union influence, Galbraith suggests :

"But most important, the professional manager or executive has taken away from the man of wealth the power that is implicit in running a business."

(J.K. Galbraith, 1962, 81)

110. J.K. Galbraith (1969), 80

111. Ibid., 51

112. Ibid., 90

113. Ibid., 118

114. Ibid., 128

115. Ibid., 137

116. Ibid., 285 -, 325-6

117. Ibid., 392-3

118. Ibid., 313 This conception of a direct correspondence between government and technostructure goals suggests a more homogenous and integrated total system than that depicted in Galbraith's American Capitalism (1963). There "counterveiling power" describes an economic system where the private exercise of power by firms is restrained by influence "on the opposite side of the market", in particular from customers and suppliers. Federal government's chief peacetime function, Galbraith adds, is to support this system. (150) Considerably more autonomy is attributed to the state here than in The New Industrial State, the unaided functioning of counterveiling power being especially problematic under inflationary conditions.

"Counterveiling power is not exercised uniformly under all conditions of demand. It does not function at all as a restraint on market power when there is inflation or inflationary pressure on markets." (142)

Under contemporary conditions, we must assume from this qualification, the state's supportive function and capacity within the system of counterveiling power will be severely taxed. Sectional economic divisions and antagonisms would be the expected consequence. Galbraith's New Industrial State evidences a more optimistic attitude toward social and economic stability than the earlier work, although even in his study of the technostructure, as we shall suggest, Galbraith paradoxically urges restraint on the wages and prices front.

119. J.K. Galbraith (1969), 325-6. The conception of a social structure integrated through and on the basis of advanced productive capacity was also sketched, though less systematically, in J.K. Galbraith (1962), 86.
120. See A. Glyn and B. Sutcliffe (1972)
121. "Business Week", October 12, 1974
122. In Britain the percentage of financing of industrial and commercial companies coming from banks and other short-term borrowing sources (less short-term lending) rose during the two decades following 1950 as follows:-

1950-4	1955-9	1960-4	1965-9	1968-70
3.9	3.1	7.3	9.6	21.8

(A. Glyn and B. Sutcliffe, 1972,126)

The rapid rise in corporate funds coming from banking and related sources since 1968 is particularly striking, and the spate of bankruptcies and near-bankruptcies since then suggests that this tendency has probably been at least maintained.

123. V.I. Lenin (1970b), 45. Lenin's characterization of the "domestic" structure of capitalism in the stage of imperialism is discussed in more detail in "Political Economy and the British State," section 8.
124. T. Cliff (1975), 133
125. J.K. Galbraith (1969), 325-6
126. "...the periodical resistance on the part of the working men against a reduction of wages, and their periodical attempts at getting a rise of wages, are inseparable from the wages system." (K. Marx, 1973c,71)
127. This, broadly, will be our concern in the later section "Political Economy and the British State."

128. A. Sohn Rethel (1972), 37-40. Sohn Rethel's distinction is an elaboration on and systematization of some observations concerning the capitalist market made by Marx in volume three of Capital. Discussing the law of the falling rate of profit, Marx notes that in order to benefit capital, surplus value must be realized as well as directly exploited at the point of production. A particular recurrent problem associated with this realization process is the low consumer power of the bulk of capitalist society's population, a phenomenon deriving from the antagonistic conditions of distribution of that society. The resulting drive to extend the market increases its autonomy from the intentions and purposes of the individuals and classes acting within it.

"The market must, therefore, be continually extended, so that its interrelations and the conditions regulating them assume more and more the form of a natural law working independently of the producer, and become ever more uncontrollable." (K. Marx, 1959, 240)

For Marx, this aspect of the anarchy of the capitalist mode of production was secondary to the tendency for profits to fall, a "law" which we will discuss in a later section. It is, however, a dimension of the capitalist system of reproduction as a whole which becomes increasingly crucial with the development of tendencies toward rationalization in the individual capitalist plant. Sohn-Rethel's attempt to systematize this important aspect of Marxist theory is, in this sense, timely and of value.

129. J. Harrison and B. Sutcliffe (1975). For a discussion of the vicissitudes of the motor industry in the specific context of the post-war expansionary period, see S. Johns (1974), chapter 1.
130. E.G. Childe (1966), 13. K. Marx (1972b), 177
131. C.W. Mills (1959), 139-140
132. For an effectively similar appeal to "experts" and intellectuals as the agents of a "humane" resolution to the human and moral problems of technocratic society, albeit arrived at through a logic quite different from that of Wright Mills, see H.L. Wilensky (1967), 190.
133. R. Aron (1968b), 222
134. M. Weber (1968), 942
135. Ibid., 1087
136. P. Blau (1971), 73
137. Ibid., 74-5
138. M. Crozier (1964), 164-5
139. Ibid., 165
140. Ibid., 108
141. Ibid., 163
142. Ibid., 157. This, in fact, is a sophisticated reformulation of Taylor's "one best way" orientation of "scientific management". (See the following section "The Politics of Technology".) It is not coincidental that Crozier's transparently technocratic study was undertaken on the basis of a grant from the French Commissariat Général à la Productivité. This state department is an appropriate source of funds for Crozier's attempt to effectively de-politicize the hierarchical structure of bureaucratic organizations.
143. Some examples of the systematic delay in the application of scientific and technological potential in the interests of profitability are documented in E. Mandel (1968), 403-2. ("Marxist Econ. Theory.")
144. V. Ferkiss (1969)

145. J. Monod (1974)
146. Quoted in K. Davis and W.J. Scott (1959), 361
147. V.I. Lenin (1961b), 259
148. D.S. Beach (1965), 24
149. M. Hales (1974), 28
150. A. Shaw (1972) 144
151. D.K. Price (1968), 6-7
152. E. Mandel (1970a) chapter 3. H. and S. Rose (1970)199-200
153. See J. Eaton. Technology and the State. Specifically concerning Britain, technology became an overtly and central political issue at the time of the 1964 general election. The Labour Party, in particular, campaigned the election largely on the basis of a diagnosis of Britain's industrial, scientific and educational crisis in terms of backward and uncompetitive technology. The electoral solution was posed in terms of rationalization, innovation and the extension and application of research and development. (H. and S. Rose, 1970, 90-99) The objective infrastructure to social democracy's conversion to technocratic policies during the 1960's was the increasingly apparent economic and political decline of Britain as a capitalist country, our concern in a later section. State intervention around the productivity and related issues remained essentially ad hoc and frequently advisory, but its emergence as a political issue was and is indicative of a particular stage of international capitalist development.
154. E. Mandel (1968) 529
155. E. Mandel (1970b) 57
156. E. Mandel (1964) 56-7
157. E. Mandel (1972) 92
158. E. Mandel (1970b) 58-9
159. K. Marx (1973a) 174
160. K. Marx (1973b) 704-5
161. Ibid., 706
162. K. Marx (1972b) 382
163. K. Marx (1973b) 831
164. E. Madel (1968) 607
165. J. Meynaud (1968) 188
166. Also consulted for this section. B. Easlea(1973)
and D. Dickson (1974)

SECTION THREE

FUNCTIONALISM AND THE STATE

I N T R O D U C T I O N

The functionalist school of theory, in addition to offering a distinctive model of social organization in general, implies an equally distinctive corresponding conception of the sociological nature of the state. The theory of social stratification and power that functionalism provides has been explicitly elaborated to incorporate an analysis of the state by, among others, Durkheim and Parsons, the two principal writers with whom we will be concerned. Their studies of the state and, more generally, of the nature of social power as such, are inseparable from the basic assumptions concerning the structure and workings of society that they hold.

We will firstly examine and offer a critique of the analysis of Durkheim, the father par excellence of contemporary functionalist theory. We will then consider the theoretical work of some more recent representatives of the functionalist perspective, paying particular attention to that of Talcot Parsons. Parsons's theories will be central to this section both because of the prominent position he has occupied in twentieth century sociological thought, particularly but not only in North America, and because of his concern to explicitly relate his model of social organization to the problems of the state and social power in the specific conditions of advanced capitalism.

Finally, we will critically examine a number of attempts to apply the functionalist perspective to the crises of social relations that have characterized the Western world during the present century. Our conclusion is that Functionalism, constrained by the limitations of its initial assumptions of the nature of social organization, is unable to provide an adequate theoretical account of social power and, more particularly, that of the state in "advanced" societies.

I. DURKHEIM. SOCIAL ORGANISATION AND THE STATE.

FUNCTIONALISM AND HISTORY.

Durkheim's analysis of the "advanced" state is elaborated within the theoretical perspective of Functionalism. His early works written during the 1880's, were particularly concerned with the corpus of German "organicist" social theory. In particular, he supported and approved of Shaffle's metaphorical use of the organic analogy in the study of societies. (1) Durkheim repeatedly stressed that his comparison of living organisms and functioning societies did not imply a literal identity between the two types of entity. He contrasted, for example, the relative constancy of species within the biological realm to the potential for the rapid development of new types of organization within the social sphere. (2)

Durkheim explains his use of the organic analogy as an analytical and expository device in terms of the early stage of development of Sociology as an independent science. The existent sciences, and in particular Biology, he observes, "contain a treasure of experiences which it would be foolish to ignore." (3) His analysis of societies with a developed division of labour accordingly emphasized the interrelation of parts within the social whole. At such a stage of social development the individual comes to increasingly depend upon and perform a particular functional role within the social organism at the same time as he becomes progressively distinguished from it in his personal activity. Durkheim's conception of the "organic" nature of a

society integrated through the division of labour is quite explicit, as the following passage indicates :

"The members are united by ties which extend deeper and far beyond the short moments during which the exchange is made. Each of the functions that they exercise is, in an fixed way, dependent upon others, and with them forms a solidary system." (4)

Organic solidarity thus conceived is informed in Durkheim's analysis by the problematic of social change. Giddens thus identifies his central concern to be the analysis of "the changing forms of social solidarity over the course of societal development." (5) In particular, Durkheim is concerned in The Division of Labour in Society to document and examine the historical movement from mechanical to organic solidarity. In the former solidarity is based on the "likeness of consciences". There is a relatively undifferentiated division of labour within which individuals resemble one another, engage in more or less uniform beliefs and practices, and are consequently mutually replaceable. (6). Organic solidarity, by contrast, involves a progressive differentiation of individuals and functions. Each individual has a sphere of action peculiar to himself, and there is correspondingly more scope for the free play of initiative. The division of labour increasingly becomes the dominant integrative principle, displacing the "collective conscience" from this position, and constitutes "the principal bond of social aggregates of the higher type". (7) On the basis of this distinction

Durkheim postulates an "historical law" of the sequential relation between the two types of solidarity.

"Mechanical solidarity which first stands alone, or nearly so, progressively loses ground, and organic solidarity becomes, little by little, preponderant." (8)

Organic solidarity is thus essentially conceived as a historical product, emerging with the development of the division of labour and the growth of functional specialization in society. This historical dimension is also embodied in Durkheim's criteria for distinguishing "normal" from "pathological" social phenomena. He differentiates between sociological forms which, with narrow variations, are distributed throughout the whole species, and the exceptional cases, which are often short-lived. The former briefly, are "normal", the latter "pathological". The healthy, for Durkheim is "the norm par excellence and can consequently be in no way abnormal." (9)

Adopting an essentially Darwinian conception of evolution, Durkheim suggests that the most widespread forms of organization must, at least in their aggregate, be the the most advantageous and offer the greatest chance of development. As in Biology, however, a social form can only be normal or pathological in relation to a particular species at a particular stage in its development :

"...it is not enough to observe the form it takes in the generality of societies belonging to this species; we must also

take special care to consider them
at the corresponding phase of their
evolution." (10)

The historical schema presented in The Division of Labour is Durkheim's major study of the emergence of a new "normal" form in the process of social evolution.

THE MORAL BASIS OF SOCIAL ORGANIZATION.

Durkheim's historical Functionalism is underpinned and structured by a positivistic conception of "social facts", where society has a fundamentally "moral" character. In order to radically distinguish Sociology's subject matter from that of the other sciences Durkheim posits the existence of phenomena which are exclusively sociological. He identifies in particular laws ^{of} currencies, languages and customs. Such phenomena are not only external to the individual, but also endowed with coercive power. The proper domain of Sociology, they above all have the positive properties of "facts".

"Here, then, is a category of facts with very distinctive characteristics : it consists of ways of acting, thinking and feeling, external to the individual and endowed with a power of coercion, by reason of which they control him." (11)

Durkheim elaborates the distinction between society and the individual in terms of a formal conceptual dualism. He posits two distinct levels, the actual sociological phenomena ("collective states") and their "reincarnation" when they are refracted through particular social instances. Sociology, he repeatedly

emphasizes, is not a corollary of individual psychology. Social facts exert pressure on individuals by virtue of their fundamentally external nature. They fashion individuals from without, surpassing them in time and space. Strictly speaking, Durkheim observes, individuals are the origin of society, but the system formed by their association "represents a specific reality which has its own characteristics." (12) The social realm, in other words, is seen to have a sui generis existence, not simply the sum of its parts and constituent elements.

At one point in The Rules of Sociological Method Durkheim suggests that this view of society is essentially an expository device, deriving partly from the immaturity of contemporary Sociology and partly from a desire to orientate his work from an objective standpoint. If, he anticipates, the assumed exteriority of social phenomena proves to be illusory, it will be replaced by a superior conception. For the present, however, Durkheim proposes "we must study them objectively as external things, for it is this character that they present to us." (13) Giddens has attached primacy to the methodological significance of Durkheim's conception of social facts. He writes :

"This is obviously a methodological postulate rather than an ontological one, and has to be understood in terms of the conception of the mode of development of science which Durkheim takes over from Comte." (14)

Now it is undoubtedly the case that Durkheim, like Comte, emphasized the urgency of the need for the science of society

to radically break with pre-scientific conceptions and to attain the rigour and precision of natural science. It is apparent from the body of Durkheim's work as a whole, however, that his identification of an exclusively sociological realm does in fact constitute an ontological proposition concerning the nature of society and its relation to individuals. He repeatedly speaks of the "objectivity" and "ascendancy over the individual" of social facts. (15) In a Preface to Suicide Durkheim reiterates the thesis that social facts "must be studied as things, that is, as realities external to the individual." If no reality exists outside of individual consciousness, Durkheim contends, Sociology lacks any distinctive subject matter of its own. Opposing psychological reductionism, he suggests :

"It is not realized that there can be no sociology unless societies exist, and that societies cannot exist if there are only individuals." (16)

The second part of this proposition in particular, it appears to us, constitutes a logical defense of a dualism between society and the individual within the world rather than simply in Durkheim's theory. Sociology, he adds, can and must be objective since it deals with "realities as definite and substantial as those of the psychologist or the biologist." (17) Clearly his notion of the "social fact" is no mere methodological or expository device.

Durkheim's intention, as expressed in the paper Individual and Collective Representations is to develop a science characterized

by "sociological naturalism". (18) Just as individual representations exist "in themselves", with their own laws, within psychic life, so the social world has for its base a "mass of associated individuals," from the relations among whom arise collective representations which acquire the qualities of independence and externality in relation to individuals. This distinctive social realm has an essentially moral nature. Moral rules, for Durkheim, are both obligatory and desirable. Their object is the sui generis collective of individuals within particular social formations. The only other conceivable object of moral activity is God, whom Durkheim views as a transfigured symbolic expression of society itself. Individuals are thus bound to each other through and by society, "the superior end of which they are the servants or instruments." (19) Society in other words, is for Durkheim a moral entity, distinct from and qualitatively superior to the individuals who comprise its original elements.

Morality is thus viewed as a collective social property in Durkheim's analysis. Material interest alone is inadequate as a basis for abiding social solidarity.

"There is nothing less constant than interest.
Today, it unites me and you; tomorrow, it
will make me your enemy." (20)

Depicting a hypothetical morally unstructured human existence as one of Hobbesian atomization and universal combativity, Durkheim distinguishes between "egoism" and "moral individualism". Whereas egoism derives from the appetites of the individual organism, the source of moral individualism is the collective authority.

The development of the division of labour requires and constitutes the foundation of an appropriate morality. (21) It is the basis, Durkheim suggests, of the cult of the individual, moral individualism deriving directly from the increasing differentiation within society.

THE DIVISION OF LABOUR AND ORGANIC SOLIDARITY.

While immanent individuals and experienced as such (22), society for Durkheim, we have seen, is characterized by its quality of externality. It gives us "everything that matters," even though as individuals we receive only a fragment of its "moral riches". (23) This orientation, both methodological and ontological, of dualism structures Durkheim's analysis in all his major works. (24) It is, however, in the Division of Labour that Durkheim's conception of society and his programme for Sociology are of particular relevance for developed industrial societies and their corresponding state form.

For Durkheim the totality of beliefs and sentiments common to average citizens of the same society forms a determinate system, the conscience, which has an existence of its own. Qualitatively different and distinct from individual consciences it can, however, only be realized through them. The historical relativism that pervades Durkheim's theory informs his definition of a criminal act as one which offends strong and defined states of the collective conscience.

In the early stages of social development, Durkheim elaborates punishment is above all a passionate reaction to such offences.

While an element of vengeance survives with the growth of the division of labour, punishment is increasingly a social mechanism of defence, performed with a greater understanding of its significance and consequences. The social nature of the reaction derives from the collective character of the moral object subjected to criminal attack. Durkheim observes "it is surely society and not ourselves that we avenge, and moreover, it is something superior to the individual." (25)

Historically the two typical forms of punishment, termed repressive and restitutive, correspond to the two types of mechanical and organic solidarity, as outlined earlier. (26) The relationship between these two sets of concepts indicates Durkheim's conviction that legal codes are an observable index of moral phenomena, themselves bound up with a progressive increase in the complexity of and differentiation within the social organization. The simplest type of society, which Durkheim concedes to be a hypothetical entity, is the "horde". Defined as "the veritable social protoplasm, the germ whence would arise all social types" (27), the horde is characterized by mechanical solidarity based upon absolute resemblance and non-differentiation. Durkheim identifies a clan to be a horde which, while solidarity is still based on the likeness of consciences, has lost its independence by becoming an element in a more extensive complex of social groups. Association of clans, in turn, constitute what Durkheim terms "segmented societies with a clan-base." Such societies, again dominated by the mechanical solidarity of likeness, embody Durkheim's conception, antithetical to that of Marx, of Communism. Their purely aggregative mode of cohesion "absorbs the individual in the group, the part in the

whole." (28) As against Marx's conception as Communism as a form of social organization based on the abolition of the division of labour with the historical accomplishment of material abundance, Durkheim thus locates it at the dawn of social evolution, its hallmark being the poverty rather than the enrichment of individual development. (29)

The organic solidarity characteristic of developed societies, by contrast, is bound up with and inseparable from the social division of labour.

"In effect, individuals are here grouped, no longer according to their relations of lineage, but according to the particular nature of the social activity to which they consecrate themselves." (30)

Since the Middle Ages in particular, Durkheim observes, the earlier form of segmental organization has been in decline. Integral to this process has been the development of an inter-regional division of labour and the growth of city specialization.

At the same time, occupational organization becomes increasingly dominant within the social structure. The "natural milieu" of individuals is "no longer the natal milieu, but the occupational milieu." The ascendancy of this form of social organization entails the progressive demise of all earlier forms. Durkheim accounts for this development in terms of the growth of the material size of societies on the one hand and of their moral density", the mutual actions and reactions individuals on one another, on the other. (31) This "progressive condensation", for Durkheim, is the result of

the increasing concentration of population, a tendency compounded by the emergence of cities, and the improvement of communication and transport facilities. The result of this process is a social type of "species" with increasingly differentiated but mutually supporting and complementary functions.

"If society no longer imposes upon everybody certain uniform practices, it takes greater care to define and regulate the special relations between different social functions, and this activity is not smaller because it is different." (32)

Durkheim, as we shall see, devoted particular attention to "abnormal" forms of the division of labour where such organic solidarity is not achieved. His thesis, however, is that the decline of traditional moral beliefs does not in itself imply social decomposition. Rather, the "normal" state of a society with a developed division of labour is that of organic solidarity, or social cohesion based on the functional interdependence of the constituent elements.

SOCIAL STRUCTURE AND THE STATE.

Within his historical account of the ascendancy of organic solidarity, Durkheim attaches particular importance to the role of the state, its nature and its significance. Basically his thesis is that the state is the expressive medium of the spontaneous moral consensus of the various functions within the division of labour. Its different organs and parts are

co-ordinated and subordinated to one another around a central organ, which exercises a moderating influence over the organism as a whole. With the growth of functional differentiation in society a system of rights and duties emerges around the new patterns of unprecedentedly complex interaction. Such a web of obligation is necessary in order to guarantee social continuity and at least a minimal level of stability. (33)

Material interest alone compels the various contracting parties to acquire a maximum of rights in exchange for a minimum of responsibility beyond self-advancement. Contract alone, that is to say, is vulnerable to subversion by literally disintegrative molecular antagonisms. Consequently to become an integrative principle it requires in addition a form of regulation of a social and moral nature. The particular instrument of this regulation is administrative law, the totality of rules which determine both the functions of the central organ and their co-ordination, and the relations of those functions with the functions of the heterogeneous organs that comprise society as a whole. Adopting a biological metaphor Durkheim proposes that these rules determine the functioning of the cerebro-spinal system of the social organism. This regulatory system, he concludes, "in current parlance is designated by the term, State." (34) Far from being accidental or the consequence of a badly-functioning society, it is a normal phenomenon, assuming more and increasingly varied functions with the growth of the division of labour.

Considerable autonomy, however, remains in other social organs in so far as they have "special functions" outside the state's sphere of influence. Alongside the state Durkheim envisages a complex of functions with relative autonomy :

"a world of organs which, without being completely independent of the first, nevertheless function without its intervention, without its even being conscious of them, at least normally." (35)

The sheer complexity of economic life in particular, Durkheim observes, prevents the state from regulating its day to day variations and activities. Durkheim's main reason for ascribing a limited regulatory role to the state, however, is the natural mutual co-ordination of the various social organs, rather than the purely empirical complexity of particular functional sectors.

"What gives unity to organized societies, however, as to all organisms, is the spontaneous consensus of parts." (36)

In other words, the primary integrative principle in societies with a developed division of labour is its immanent form of organic solidarity. The state expresses rather than creates this social cohesion and unity. It is the directive organ, but the mutual dependence and co-ordination of the various functions and parts of society is grounded directly in the mode of operation, in "the very practices," of each special function. Patterns of

mutual reaction, appropriate to the differentiated structure of developed society, are repeated and become habitual. The resultant social habits, in turn, are transformed into rules of conduct.

"The rule does not, then, create the state of mutual dependence in which solidary organs find themselves, but only expresses in clear-cut fashion the result of a given situation." (37)

The state, for Durkheim, is thus immanent in society, in its functional unity, based on the division of labour, and in its normal corresponding form of organic solidarity. While, that is to say, the state has a moral character, its sovereignty is relative, both in terms of cause and effect, to the moral structure of society as a whole.

CLASS CONFLICT, ECONOMIC CORPORATIONS AND THE
DIVISION OF LABOUR.

A number of critics, including J. Horton, have accused Durkheim ignoring intermediary social relations between the levels of society as a whole and the individual in so far as they relate to the dynamics of class conflict.(38) A considerable and important part of Durkheim's work is, however, concerned precisely with the nature and sociological significance of intermediary social institutions. In particular, Durkheim attributed especial importance to the role of economic corporations in promoting and engendering

organic solidarity in societies with a developed division of labour. Corresponding to the progressive domination of restitutive law he thus saw the emergence of "an occupational morality for each profession." (39) This theme is dealt with most fully in Durkheim's analysis of the abnormal forms of the division of labour. Such conditions are characterised by the recurrence of industrial and commercial classes and the emergence of class conflict. The growth of antagonism between labour and capital, especially since the fifteenth century, indicates, for Durkheim, that relations between employer within large scale industry are "in a sickly state." (40)

Since, however, the weakening of the collective conscience is a "normal" development with the growth of the division of labour it cannot be the course of this pathological development. The problem, Durkheim explains, is that there are no longer any operative regulations in the sphere of the economy, a condition that Durkheim terms "anomie", or normlessness. (41) The drawing together of previously local markets into a single, interconnected web of economic relations results in a dislocation between the process of production and the distribution and consumption of industrial output. Production accordingly becomes unbridled, unregulated and arbitrary. (42)

In this anomic state the worker is reduced to a mechanical component of the production process. He can relate his economic activity to no identifiable end, is

no longer a living cell of a living organism. Such an existence, Durkheim observes, constitutes a "debasement of human nature" and fosters antagonism between different social groups. Class conflict, characteristic of the anomic state, thus represents a partial break in organic solidarity.

The second abnormal form of the division of labour, identified by Durkheim, the "forced" form, derives directly from the prevailing system of rules themselves. Class conflict in this case indicates that the lower classes are no longer satisfied with their customary position and aspire to functions traditionally closed to them. Constraint, rather than regulation, characterizes the mode of law in such conditions and is symptomatic of a discrepancy between natural and social inequalities. Durkheim's discussion of the forced division of labour highlights his basically liberal political commitment to the ideal of radical meritocracy, an ideal which he sees to derive from and be realizable within the division of labour. For the division of labour to produce an enduring solidarity each individual must have a task which is "fitting to him". With external constraint as the only link between individuals and their functions only an imperfect and troubled solidarity is possible. Effective organic solidarity, by contrast, entails "the free unfolding of the social force that each carries in himself." (43)

Contractual relations, the basis of the juridical

form of exchange, become, Durkheim continues, an increasingly important factor in social consensus with the growth of the division of labour. This tendency reinforces the need for a truly equivalent or equal pattern of exchange. Durkheim defines the social value of objects of exchange in terms of their use-value in a moral sense, clearly distinguishing this criterion from that for exchange-value in the labour theory of value. Social value

"represents the quantity of useful labour which it (the object of exchange - D.B.) contains. By that must be understood, not the integral labour which it might have cost, but that part of the energy capable of producing useful social effects, that is, effects which reply to normal needs." (44)

Social value, that is to say, is understood by Durkheim in terms of an objects capacity to satisfy human needs corresponding to the system of moral regulation at a particular state of social evolution. It derives from the dimension of historical relativism that pervades his analysis of social solidarity.

The task of the "higher" societies within Durkheim's historical schema is to achieve liberty, justice and equality, principles which cannot be discovered in nature and the potential for which is unique to social life. Durkheim's programme for the reconstitution of social

solidarity on the basis of the organic type is thus informed and structured by an essentially liberal but consistently radical commitment to meritocracy. Organic solidarity inherently entails "doing away with external inequalities as far as possible." (45) While the "perfect spontaneity" that would distinguish pure meritocracy is conceded by Durkheim to be "never met with anywhere as a realized fact", a close approximation to it is an essential and inseparable aspect of the "normal" form of the division of labour. (46)

The particular way in which Durkheim sees economic corporations to play a central role in the realization of organic solidarity is elaborated in his discussion of the third abnormal form of the division of labour. The major factor here is that it offers inadequate material for individual activity. Movements, Durkheim observes, are necessarily badly adjusted when employees in a business enterprise are insufficiently occupied. Incoherence and disorder, rather than solidarity, are the effects such as an underutilization of individuals' abilities. "Operations are carried on without any unity." (47) Durkheim's solution is the development of a mode of regulation which will suppress useless tasks and distribute work in such a way as to keep each individual sufficiently and appropriately occupied and organized. A double function is in this way served, order being achieved at the same time as work is more economically managed.

A primary function of economic corporations, for Durkheim, is thus to reinforce and foster moral regulation at a crucial point in developed society, that is in the

sphere of economic activity, and thereby help promote the realization of organic solidarity. They would have a relatively high degree of autonomy within their own sphere, but would come under the general supervision of the state, constituting secondary or intermediary groups between the state and the individual. Their active role within the social organism does not conflict with Durkheim's conception of the state. The state remains the crucial expression of the internal unity of societies characterized by a solidarity of the organic type. This model of the state is integrated with Durkheim's conception of the external, thing-like quality of social facts through his historically-informed functionalist perspective. His principal theoretical contentions are mutually consistent, and our following critique, while primarily orientated toward his model of the nature and role of the state, will consider that particular aspect in terms of and in relation to Durkheim's work as a whole.

CRITIQUE, METHODOLOGY AND THE FOUNDATIONS OF SOCIETY.

In developing his thesis that Sociology constitutes a science in its own right, that a distinct group of uniquely sociological "facts" exists, Durkheim typically assembled a considerable body of social data to support his contentions. His analysis of the tendency of the suicide rate to remain stable in a given society is a point in question. (48) Nevertheless, to refer to the unifying factor in a social collective as a "force" or

"current", as Durkheim does, constitutes an abuse of anaological reasoning. Nothing that is normally associated with these terms applies to the social phenomena in question. They are not independently observable, nor do they have a tangible ("thing-like") material existence. Neither, as we shall discuss in more detail below, are they adequately or convincingly theoretically deduced from the observable data of social existence. As such, these designations can in fact tell us little if anything about actual social cohesiveness and the ways in which it functions.

Generally speaking, group cohesion refers to the observable fact that particular social actors comprise a pattern of interaction that is manifested in group-orientated activities. Thus stated, however, this proposition is ambiguous. It could mean literally that group-orientated activities are the consequence of cohesion, and in this sense manifest it. It could also mean, however, that group cohesion is not a cause, but an aggregate effect of these activities. In the first case cohesion would constitute an ontological presence in itself, would have an existence of its own which may be inferred from observable social activities, in a similar way as atoms, electricity and radio waves are inferred "entities". In the latter case cohesion would have no independent existence and would reside merely in its manifestations.

For Durkheim cohesion is a force with a sui generis existence, a force that determines, for example, the type

and rate of suicide. Even with this assumption, however, the possibility remains that cohesion is a mental construct, an abstruatum that can influence and determine the direction of human conduct. In this case it would represent the individual's response to the quality of the collective social life, a subjective response to the state and condition of social existence. Throughout Suicide and in a number of other contexts Durkheim hints at the possibility of such an interpretation by using terms such as "the coefficient of preservation", the "immunity of married men" and "the prophylactic effect of tradition". Such terms suggest that the correlation between suicide and cohesion is due to the presence of social conditions that prevent suicide rather than to conditions that actually promote it and make a certain rate of suicide inevitable. This explanation would assume that when there is strong cohesion there will be relatively fewer negative evaluations of the social milieu and more positive-emphasis on available life-chances than when cohesion is weak. Social actors' active evaluation of their cultural environment is central to this conception of social practice. It has been elaborated in P. Winch's influential philosophical study of social science. Winch contends :

"The only mode of life which can undergo a meaningful development in response to environmental changes is one which contains within itself the means of assessing the significance of the behaviour which it prescribes." (49)

As against the more consistently phenomenological perspective developed by the Ethnomethodologists (50) Winch's proposition implies a contextualized view of human activity, the individual's social milieu influencing his behaviour in virtually all its manifestations. Meaningful or purposive activity, that is to say, is context-specific.

"...the concepts in terms of which we understand our own mental processes and behaviour have to be learned, and must, therefore, be socially established, just as much as the concepts in terms of which we come to understand the behaviour of other people." (51)

Durkheim's hypothetical "external facts", "currents" and "social forces", constituting ontological rather than methodological postulates, have, by contrast, a purely conceptual existence, and do not aid the theoretical reconstruction of the objective conditions and distinguishing features of social life. Rather, they hinder that reconstruction by focusing attention on speculative, sociologically dubious "entities", reifying Durkheim's conceptual constructs in to the basic data for the analysis of social experience. Reification, in fact, is encountered in a particularly pure and complete form in Durkheim's Sociology.

A related criticism which implies the basis of a more positive critique, that is, which embodies an alternative, more adequate theoretical interpretation of social structure,

concerns Durkheim's methodological inconsistency. We will contend that while Durkheim claims to work with an inductive methodology he in fact uses a deductive procedure to construct a morphology of social types based on a decontextualized analysis of social relations.

In The Rules Durkheim repeatedly distinguishes between his own "scientific" work from the ideological analyses of earlier sociologists, in particular Comte and Spencer. Behind this claim to scientific status lies Durkheim's assumption that there exists a specifically social realm, with autonomy from the consciousness of individual social actors, which can be objectively analysed through the application of scientific method. Specifically he contends that the major principle which distinguishes science from other intellectual activity is the development of adequate and systematic theory from the observation of the empirical or particular data corresponding to the object of analysis. Science, that is to say, refers to a method of theoretical elaboration rather than a distinctive way of observing data. To quote :

"From sensation all general ideas flow, whether they be true or false, scientific or impressionistic. The point of departure of science, or speculative knowledge, cannot be different from that of lay, or practical, knowledge. It is only beyond this point, namely in the manner of elaboration of these common data, that divergences begin." (52)

Durkheim's conception of scientific activity embodies the Baconian inductive method of procedure; gathering observable empirical data and postponing the formulation of a theory until the relevant data is appropriately assembled. This for Durkheim is the methodology by which Sociology can pass from the subjective to the objective stage. He enumerates three major rules to promote the discipline of the scientific sociological mind. These are the Cartesian eradication of all preconceptions, a clear and precise definition of the entities under investigation in order that the subject matter of Sociology may be known, and an endeavour to consider the objects of analysis from an aspect independent of their individual manifestations. Social facts, that is to say, correspond to and are specific to particular social species at a determinate point in their evolution. (53)

Despite the Baconian character of his dicta for scientific analysis, however, Durkheim draws attention to the inability of sociologists to experiment in the manner of the natural sciences. "Since", he elaborates, "social phenomena evidently escape the control of the experimenter, the comparative method is the only one suited to sociology." (54) Durkheim insists that the sociologist must, like any scientist, assume the logic of the causal relation and apply it with rigour "A given effect has always a single corresponding cause". (55) Because of the complexity of social life, however, the "method of residues", by which every aspect of the object in question is considered, is inapplicable. Rather, Durkheim recommends the method of concomitant variations, or correlation.

When two phenomena are seen to vary directly with one another in a sufficient number of cases, this, for Durkheim, evidences a causal relation between them, even if one is sometimes present without the other.

"As soon as one has proved that, in a certain number of cases, two phenomena vary with one another, one is certain of being in the presence of a law." (56)

Noting that a comprehensive enumeration of a society's traits is an unachievable task, Durkheim poses the problem as to which principle its "essential" characteristics may be identified. He proposes that societies are composed of various parts in combination, and that the nature of the aggregate depends upon the character and number of the component elements and their mode of combination. (57) Durkheim thus develops the foundations of a social morphology, based on the structure of internal relations within society.

The polar types of this morphology, as we have seen, are the horde and the society characterized by a high level of development of the division of labour. As in Parson's schema (58), Durkheim's morphology is concerned with specifically social relations, radically distinguishing this sphere from the other sectors or levels of analysis (Biology, Psychology etc.) What Durkheim does not do, however, is examine how these patterns of relations, the purely inter-personal and inter-group structure of society, are circumscribed and, in the last analysis, determined by the

relations of human beings in society with nature. His analysis while formulated in historical, developmental terms, is decontextualized. It relates only tangentially to labour, the human activity which, through the progressive transformation of the natural world, provides the necessary basis for the other elements of social life, including the structure of social differentiation.

Durkheim's sociological studies rest on and assume a consistent, if mechanical, materialistic conception of historical change. The growth of society's "moral density", for example, is explained in terms of the increasing physical concentration of population, reinforced by the growth of cities and communication facilities. (59) More generally, Durkheim's conception of social facts, which is crucial to all his major studies is, as we have seen, informed by the assumption of universal causality. His attempt to transform Sociology into a scientific discipline, based on the observation and theoretical understanding of the material composition and movements of social organization, is fundamentally misconceived, however. As a consequence of his radical dislocation of the sociological sphere from the objects and sectors studied by established sciences, Durkheim avoids the implication of Marx and Engels's premise that "men must be in a position to live in order to be able to 'make history'". (60) Minimal human existence requires an at least rudimentary mode of transaction with the natural world, the satisfaction of even the most basic needs being conditional upon the appropriation

and transformation of external objects for human reproduction. From this basis social development rests on the emergence and satisfaction of progressively more complex and extensive human needs, through the struggle to transform and, literally, humanize man's material environment. Durkheim's preoccupation with an exclusively social sphere directs attention away from the primacy, both historically and structurally within any social formation, of this basic and necessary relationship between social man and the natural world.

The crucial concept in the Marxist perspective which is absent in that of Durkheim is that of the social relations of production. While Durkheim recognizes the existence of different class strata, they are conceived in terms of strictly social differentiation. Inter-personal relations as such, or "social relations in general", however, are at all times sustained by the specific social relations of ownership which mediate the transaction between man and nature. By constituting the basis of and framework for the reproduction of social life, the relations of production circumscribe and give a particular character to social relations in the wider sense in every historical context. Durkheim's analysis, by contrast, presents as a total portrayal of man's social being what is in fact a decontextualized model of one conceptually abstracted aspect of the totality of human activity.

Durkheim's conception of organic solidarity rests largely on a metaphorical comparison with living organisms in the natural world. When he considers the actual relations

between society and the natural world, however, his account is structured by a one-sided, dichotomous conception of their mode of interaction. "Liberty", Durkheim contends "is the product of (social - D.B.) regulation." Unique to social life, it constitutes "a conquest of society over nature". (61) The essence of this proposition is that it is only through the subordination of nature to social control of human affairs that liberty can be realized. (62) Liberty in this sense, is a supra-natural quality of human existence. It can be realized :

"only in so far as man raises himself above things and makes law for them, thus depriving them of their fortuitous, absurd, amoral character; that is, in so far as he becomes a social being. For he can escape nature only by creating another world where he dominates nature. That world is society." (63)

Liberty and social development, the latter conceived in evolutionary terms, are in Durkheim's historical schema, twin tendencies, two aspects of a single process in which the autonomy of society in relation to the natural world is progressively realized through the growth of the division of labour. This theoretical interpretation the relation between nature and society, emphasizing the progressive conquest of the former by the latter is inseparable from Durkheim's methodological proposition that there is an exclusively sociological sphere of reality. In both cases, he effectively drives a wedge between society and nature, substituting a

formal evolutionary schema of their mode of relation as qualitatively discreet sectors of the world for an analysis of the way in which man transforms his material environment through the medium of specific structured production relations.

The methodological and ontological severance of society from nature that Durkheim posits, prevents his analysis from attaining the understanding of the significance of social production, in its different stages, for the wider structure of social relations that the Marxist perspective offers. Instead of active man, developing his unique species-being through the structured social transformation of his material environment, Durkheim sees a largely passive human individual, dependent upon and subordinate to his social world. Social facts are "external to the individual and endowed with a power of coercion, by reason of which they control him." (64) Along with and parallel to his decontextualized analysis of social organization, that is to say, Durkheim presents a version of what D. Wrong has termed "the oversocialized conception of man." (65) Both are aspects of Durkheim's sociology and derive from his omission of an analysis of social production as such.

One revealing expression of Durkheim's mechanical conception of the relation between society and its material environment is the similarity between his portrayal of the supposedly intrinsic features of social existence and Marx's analysis of the conditions of commodity society in terms of alienation and the fetishism of commodities. Marx examined alienation as the condition and process whereby

mans species-activity, free, conscious labour, is estranged by and through the exploitative structure of commodity-producing societies. In Capital he depicts this process more rigorously, in terms of political economy. In the process of commodity production labour assumes an abstract form in so far as it is embodied equally, in equal spans of time, in objects of differing use-value. The social relations of the producers appear to them as relations between the products of their labour, products which, as commodities, are produced by individuals and groups of individuals working independently of one another and then sold (exchanged) on the market. Capitalist society perfects this process by transforming labour-power itself into a commodity.

The basis of Marx's analysis of capitalist society is an examination of its unique social relations of production, the primary feature of which is the private ownership of the means of production, or productive property. For Durkheim, by contrast, property is defined partly in terms of the fetishistic appearances examined by Marx. In The Division of Labour Durkheim observes, "Property is definitive only of the extension of the person over things." (66) Property, that is to say, refers to the relations between persons and objects, rather than between person and person or class and class. The production relations which underlie and sustain all social life thus become obscured by a fetishistic conception of property as a relational bond between human

and non-human parties. Its basis in a determinate structure of social production is effectiviely obscured.

Marx, in fact, critically anticipated Durkheim in a memorable passage in The Grundrisse concerning the apparent and actual objective character of the emergent global capitalist system. Commenting on what many economists had viewed as "this spontaneous interconnection, this material and mental metabolism which is independent of the knowing and willing of individuals", Marx caustically observes :

"...it is an insipid notion to conceive of this merely objective bond as a spontaneous, natural attribute inherent in individuals and inseparable from their nature (in antithesis to their conscious knowing and willing). This bond is their product. It is a historic product. It belongs to a specific phase of their development. The alien and independent character in which it presently exists vis-a-vis individuals proves only that the latter are still engaged in the creation of the conditions of their social liefe, and that they have not yet begun, on the basis of these conditions to live it." (67)

The very terms that Marx uses ("spontaneous", "metabolism", "independent", "interconnections") recall those used by Durkheim to depict his conception of organic solidarity. As Marx's passage implies, however,

Durkheim's analysis fails to locate this model of moral integration to the social relations which distinguish the productive infrastructure of commodity society, and in particular its capitalist stage. The class-divided nature of such societies renders the organic integration that Durkheim envisages problematic, but because of the inherent structural antagonisms that it engenders rather than because the division of labour has assumed an abnormal form.

Durkheim's analysis of social organization, in summary, produces a partial and decontextualized account of the conditions and forms of human activity. Concerned with a hypothetical exclusively "sociological" sphere, it views the relations between society and nature, the necessary and sustaining condition of all human existence, as a progressive and evolutionary conquest of the latter by the former. The mutual transformation of both in the process of human history is reduced to at best a secondary phenomenon. Durkheim's conception of the state, as the expressive medium of the spontaneous moral integration of developed societies, is inseparable from his theory as a whole. While consistent with his interpretation of the division of labour, it embodies the theoretical misconceptions that underlie Durkheim's historical schema. Even if the meritocracy that Durkheim envisaged were achieved, the sale of labour-power to capital for profits would constitute an axis of structured inter-class antagonism that the state, as the "cerebro-spinal system of the social organism" (68), would be called upon to moderate. In performing such a role the state, far

from expressing an existent condition of societal integration, would be attempting to resolve conflicts inherent in the division of labour itself. Durkheim's functionalist view of the state as the expressive medium of organic solidarity thus reveals its ideological character when the ideological nature of the wider theory of social organization that it crowns becomes apparent.

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2. E. Durkheim (1962a), 88
3. Ibid., 145
4. Ibid., 227
5. A. Giddens (1971), 106. See also T. Abel (1970), 108-112
6. E. Durkheim (1964a), 226
7. Ibid., 173
8. Ibid., 174
9. E. Durkheim (1962a), 58
10. Ibid., 57
11. Ibid., 3
12. Ibid., 103
13. Ibid., 28
14. A. Giddens (1971), 89
15. See, for example, E. Durkheim (1962a), 4
16. E. Durkheim (1952), 38
17. Ibid., 39
18. E. Durkheim (1953), 34
19. Ibid., 53
20. E. Durkheim (1964a), 204
21. Ibid., 401
22. E. Durkheim (1953), 55
23. Ibid., 53-4
24. In addition to those works already cited, see E. Durkheim (1956), (1962b) and (1964b).
25. E. Durkheim (1964a), 101
26. Ibid., 105-111
27. Ibid., 174
28. Ibid., 179

29. See also E. Durkheim (1962b). For Marx's celebrated characterization of Communist society see K. Marx (1972a), 17.
30. E. Durkheim (1964a), 182
31. Ibid., 257
32. Ibid., 205
33. Ibid., 213
34. Ibid., 219
35. Ibid., 360
36. Ibid., 360
37. Ibid., 366
38. J. Horton (1964)
39. E. Durkheim (1964a) 226-7
40. Ibid., 356
41. Ibid., 368
42. Ibid., 370
43. Ibid., 377
44. Ibid., 382
45. Ibid., 380-1
46. The meritocratic theme in Durkheim's work is examined by P. Walton, I. Taylor, J. Young (1973). See also A. Giddens (1971b)
47. Ibid., 389
48. E. Durkheim (1952)
49. P. Winch (1958), 64
50. See, for example, H. Garfinkel (1967), H. Sacks (1963)
51. P. Winch (1958), 119
52. E. Durkheim (1962a), 43-4
53. Ibid., 64
54. Ibid., 125
55. Ibid., 128
56. Ibid., 133
57. Ibid., 81

58. See following section "Parsons on the State, Functionalism, Power and Inequality."
59. E. Durkheim (1964a), 257-60
60. K. Marx and F. Engels (1970), 48
61. E. Durkheim (1964a), 386
62. Ibid., 387
63. Ibid., 387
64. Ibid., 3
65. D.H. Wrong (1961)
66. E. Durkheim (1964a), 179
67. K. Marx (1973b), 162

II PARSONS ON THE STATE. FUNCTIONALISM, POWER AND INEQUALITY.

INTEGRATION AND THE STATE. THE TWO TRADITIONS.

Among the theories which view the state as the central institutional form of a wider relational complex of social unity, it is possible to distinguish those which emphasize its role as the more or less active expressive instrument of an existent integrated social organism from those which, while teleologically assuming a similar potential social unity, identify the state's essence as a moral or coercive counterforce to the conflicts of an inherently antagonistic social structure. The former conception of an organic relationship between the state and an essentially consensual community is expressed by H. Krabbe in the following terms :

"The ultimate law-making power is nothing but human judgement itself acting upon human interests and deciding with reference to their relative value. The state, therefore, is the community acting in its collective capacity to recognize values." (1)

The state, that is to say, represents a collective social endeavour to implement shared values in the pursuit of common or societal goals. It is perceived, in R.M. Maciver's words, as "a particular form of organization, itself sustained and controlled by that greater thing.....the community itself." (2) For Maciver the unity of the community itself derives from and is inseparable from the inherent expression of the individual social member.

"The deeper bond of community is the character of class nor of nation, but of free human personality which from within its own small circle is capable of reconciling in one community the whole world." (3)

Maciver thus identifies the state's unifying potential to be based on its nature as the expression of a prior social and individual organic freedom rather than on its adoption of coercive means. (4)

This conception of the relationship between state and society is a recurrent, if sometimes implicit, assumption of much sociological and political analysis. A. Shonfield, for example, observes that the post-war capitalist states have implemented economic policy largely through "more subtle pressures" and techniques than that of "the bludgeon". Shonfield envisages an active, pragmatic state which serves as the instrument to engender and guide a consensus corresponding to the existent complex of private economic interests. (5)

The rationale of Shonfield's construct is the technocratic assumption that the "interest" represented by the agents of national planning is that of economic growth, a process embodying and activating the available powers of the economic system as a whole. (6) J.E. Meade, while emphasizing the socio-political as well as purely technical forms of state intervention, similarly assumes a primarily consensual basis for the public control of the free-enterprise economy. On the question of state-implemented egalitarian policies he writes :

"....society may well decide that steps should be taken to affect the distribution of income and wealth between the rich and the poor of the present generation or between present and future generations." (7)

In viewing the source of state measures to alter the structure of economic inequality as collective decision-making, rather than the relative bargaining strength of competing interest groups, Meade adopts the same intellectualist-consensual model of the relationship between society and the state that is implicit in Shonfield's thesis. The central assumption of both is that state practices constitute first and foremost the implementation of agreed policy in the pursuit of shared values or goals. As in the more expressly philosophical formulations of Krabbe and Maciver, the relation between state and society is perceived in organic and complementary terms, although the pragmatic state pursuit of consensus in particular economic environments is stressed in Shonfield's study.

The second interpretation of the relation between state and society, emphasizing the former's function as a means to reconcile or moderate inherent antagonisms within the latter, may be traced as a pervasive theme in Western social thought to Hobbes' analysis of civil society as an arena in which private interests compete in a violent and irrational struggle against each other. Only a sovereign state power endowed with coercive authority to rule can introduce order into social life. (8) W.A. Orton's analysis of the state rests on essentially Hobbesian assumptions. The pursuit of interests, especially those of an economic nature,

"cannot and will not lead to social harmony
or synthesis but must and will lead to
increasing discord and disintegration." (9)

The state's exercise of legitimate coercion, consequently, should be primarily moral. The policies which it implements embody a

"continuity of norms and purposes" which, expressing a basic social consensus, protect society as a whole from the destructive consequences of the pursuit of interest alone. (10)

A variation on the perceived dualism of the state and society is the pluralist conception of government as a means to pragmatically mediate the demands and pressures of organized competing interest groups. Typically perceiving such a structured competitive social arena as best supplemented by representative democracy, the theorist of pluralism deries the reality of a unifying societal purpose. D. Nicholls summarizes the pluralist thesis :

"There is no overall, total 'common good' or 'public interest', which the government attempts to impose upon the population; it tries simply to reach some temporary compromise between conflicting interests." (11)

Durkheim's theory of the state, as elaborated in The Division of Labour, views it as essentially the instrumental expression of an already existent or potential system of structured social coordination, although he also adopts a Hobbesian assumption of the social effects of the unmediated pursuit of interests. Parsons' functionalist model of political organization is in many ways similar, but is structured in terms of his particular theoretical categories of "value-elements" and the "common value system." Parsons' analysis of social power and the state, together with the functionalist analysis of stratification as developed by a number of recent theorists, is our concern in this section. The continuity between Parsons and the tradition represented by Maciver and Krabbe should, however, be stressed alongside the idiosyncratic presentation of the former's theories .

SYSTEM-ANALYSIS AND SOCIAL ACTION.

We will note at the outset that Parsons' functionalist analysis constitutes an attempt to develop a unified theoretical approach to the social sciences, based on a number of initial premises and assumptions concerning the nature of human action. It embodies a perspective which has been influential for several decades in academic Sociology, although its almost unquestioned dominance has been challenged from a number of sources in recent years. (12)

Parsons' seminal The Structure of Social Action indicates some of the central theoretical questions that were to preoccupy his work as a whole. A number of leading sociological theorists including Weber, Sombart, Pareto and Durkheim, all, it may be noted, more or less centrally opposed to and critical of aspects of Marxism, are examined in this work. Parsons did not accept some of Weber and Sombart's major propositions, especially in so far as they were both, to some extent, critical of capitalism and pessimistic concerning its future and that of Western-type societies in general. Nevertheless, he drew attention to Sombart's notion of the historical unfolding of a specifically capitalist "Geist", as well as Weber's analysis of the "protestant ethic". Parsons discerned in Weber and Sombart a recognition of the autonomy of "value elements" and generalized this observation into the identification of a realm of values as the distinctive focus of nineteenth century social theory.

"in the realm of theprincipal writers here treated there has appeared the outline of what in all essentials, is the same system of generalized social theory, the structural aspect of which has been called the voluntaristic theory of action." (13)

Weber and Sombart's critiques of Marxism thus became generalized in Parsons' hands into a discussion of the importance of value elements in social processes and social structures.

Parsons sought in The Structure of Social Action to lay the foundations for a general theory of social action which would resolve "the Hobbesian problem of social order" by locating the springs and orientations of human action in reference to the normative aspects of social life. Parsons' general theoretical orientation draws on both Weber's social action theory and Durkheim's functionalist analysis. While his particular variant of Functionalism suggests and assumes a more dynamic social totality than that found in Durkheim's analysis of organic solidarity, Parsons' concern with social order and the moral dimension of social existence, together with his later development of systems-analysis, evidence continuity with the functionalist tradition of social theory. The Structure of Social Action, however, presents a basically voluntaristic conception of human action. The individual is seen to play an active rather than a passive or purely reflexive role in social life, and especially in social change. The realization of values involves active energy, will and effort, qualities relatively ignored in Durkheim's reified conception of moral norms as first and foremost external and constraining.

This work anticipates and prepares for Parsons' later concern with social stratification and the question of power in two major ways. In the first place, the anti-Marxist critique that pervades, and in some ways structures it, suggests an attempt at an alternative resolution of these theoretical problems. In addition, Parsons' preoccupation with the general theory of social action

and order itself raises the question of stratification and power, being central to and inseparable from the history of social thought.

Before looking directly at Parsons' treatment of these themes we will indicate a tendency since The Structure of Social Action for his work to be structured increasingly in terms of systems analysis, both biological and mechanical analogies being conspicuous. At the same time, Parsons' voluntarism has tended to recede, a more deterministic conception of social action taking its place. The crucial factor is his concern to see the social world as a whole in terms of structural-functional analysis.

In an Appendix to Family, Socialization and Interaction Process Parsons notes a number of "striking analogies" between his theoretical constructs and dominant ideas in the field of Biology. (14) Comparing, for example, the processes of personality and biological development, and the function of the family in highly differentiated societies with that of germ plasm in higher organisms, Parsons stresses his reluctance to assess the significance of these analogies. Nevertheless he does suggest that as both fields of science advance it may emerge that a common conceptual scheme underlies theory in both. Society and personality, he observes, both exist "in nature" rather than "set over against" it, and he identifies Biology as the closest academic "neighbour" of Sociology.

"Biology is our nearest neighbour in the community of sciences and such substantive relationships should be expected. We are both part of the same larger 'community' of knowledge." (15)

This Appendix perhaps brings Parsons closest to formally and explicitly formulating the organic analogy that underlies and sustains much of his sociological holism.

Parsons elsewhere evidences his intellectual debt to physics as well as biology. In Working Papers on the Theory of Action he posits four fundamental laws of equilibrium in society, laws which correspond to the principles of Newtonian natural philosophy.(16) The Principles of Inertia, Action and Reaction, Effort and System-Integration, Parsons proposes, are applicable to the workings of social systems. Specifically concerning the Principle of System-Integration, he contends that a "pattern element" will tend to be confirmed in its place within the system or eliminated as a function of its contribution to the integrative balance of the system. (17) Mechanistic analogy, a functionalist counterpart of the Hobbesian model of civil society, thus also serves to structure Parsons' essentially holistic conception of social organization.

It is, however, in The Social System that Parsons' systems-analysis is most evident and most systematically elaborated. The importance of this work for Parsons' intellectual development is apparent in his characterization of it as :

"an attempt to bring together, in systematic and generalized form, the main outlines of a conceptual scheme for the analysis of the structure and processes of social systems." (18)

Parsons proposes that it is possible to analyze the interaction of individuals as "a system in the scientific sense". (19) The energy for action derives ultimately from the individual organism, but the actions themselves are organized in situations. The selective ordering among the possibilities of orientation, moreover, implies that "a component of 'system integration'" is operative. (20) The actual integration of the social system as a whole constitutes a "compromise" between the "strains to consistency" of its personality, cultural and social components. Such integration, Parsons, observes,

is rarely if ever complete. Nevertheless, the integrative principle, mechanistically formulated in the Working Papers, structures Parsons' model of social structure and process, and he accordingly defines a society as a system which meets all the essential functional prerequisites of long-term survival from within its own resources. A society thus contains "all the structural and functional fundamentals of an independently subsisting system." (21) The test of the significance of any social process is correspondingly assessed by Parsons in terms of its functional relevance to the system as a whole.

STRATIFICATION AND THE VALUE SYSTEM.

Parsons emphasizes the largely self-maintaining nature of social integration. He refers to the "strains to consistency" rather than, for example, "strains to conflict" between the various components of the social system. Again, he proposes that :

"the complementarity of role-expectations, once established, is not problematical.....
No special mechanisms are required for the explanation of the maintenance of complementary interaction - orientation." (22)

The principle of homeostasis perhaps most closely expresses Parsons' model of system equilibrium. Together with this holistic perspective, however, there co-exists in Parsons' work a pronounced Weberian voluntarism, the genesis and basic features of which we have indicated. Central to Parsons' discussion of social stratification and power is his conception of a common value system, the theoretical bridge between the voluntaristic and functionalist aspects of his work. The assumption of shared moral beliefs and values does not for Parsons merely relate to the orientations of individual actors.

Rather, it is central to and constitutes the crucial determining variable of his model of the social system.

Parsons suggests that at its present stage of development social science is unable to attribute primacy to any variable in the determination of social change. He adopts an agnostic view concerning the "plurality of possible origins of change." (23) Despite his theoretical caution in this particular instance, however, Parsons in general attributes particular importance to the part played by shared value elements in social processes. In his discussion of deviance Parsons identifies the context of social behaviour to be the sphere of value-elements. "All social action is normatively orientated." That this value system is seen to be essentially shared or homogenous is also established.

"The value-orientations embodied in these norms must be to a degree be common to the actors in an institutionally integrated interactive system. It is this circumstance which makes the problem of conformity and deviance a major axis of the analysis of social systems." (24)

At the same time Parsons points to the ubiquitous absence of complete integration as the structural basis of "romantic-utopian" cultural elements. Utopian ideas, values and movements arise, Parsons suggests, mainly because :

"every complex social system is in fact shot through with conflicts and adaptive patterns with respect to whatever value-system it may have." (25)

Despite the assumed shared value system Parsons thus proposes that

actual societies are in fact characterized by conflict, but specifically at the level of values or beliefs. This pervasive concern with moral values, along with his overall commitment to system analysis, places Parsons in the theoretical tradition of Functionalism and its preoccupation with the problem of social order. Writing in this tradition Parsons, echoing Durkheim, assumes that no stable social order is possible without a moral limiting of men's wants.

The structural and historical primacy that Parsons attributes to value-elements is apparent in his analysis of the influence of Christianity on Western society. It has, he contends, "produced a great society and culture." Especially in its Protestant form it has been responsible for the growth of free enterprise, the nineteenth century educational revolution and the historically unparalleled development of individual character and autonomy." (26) Christianity is the dynamic factor behind the contemporary humane welfare state. "The millennium", he concedes, "definitely has not arrived," but he proclaims a profound enrichment of social life. Christian ideals, for Parsons, have been a major source of order and progress in "Western society". (27)

Elsewhere Parsons suggests that differences between societies often "reside in" differences in the context and range of the general moral consensus.

"Moral standards are not logical deductions from systems of beliefs or manifestations of systems of expressive symbols, nor do they derive from cognitive or appreciative standards. They depend in part upon such systems, but they draw on all the elements of cognitive, cathectic and evaluative selection from the alternatives of action." (28)

Such a proposition, in itself, has little or no explanatory value, however. In particular, the meaning of "reside", which appears to be crucial, is not explicated. If the notion of causality is not implied, the sociological content of Parsons' contention is at best negligible and at worst mystifying. Parsons clearly does not mean that different societies have different systems of moral consensus and are otherwise the same. His discussion of the various forms of kinship organization, for example, precludes this possibility. (29) Parsons can only mean that structural differences are generated by changes in the general moral consensus of particular societies, a proposition which implies a monocausal theory of social causation despite Parsons' agnostic reservations in The Social System.

This interpretation is consistent with Parsons' concern with the centrality of value-elements in his work as a whole. Parsons defines values as symbolic elements which serve as criteria for actors' selection among alternative orientations in social situations. Their cultural source, moreover, implies a homogenous value-complex, despite their frequent empirical differentiation. Thus idiosyncratic values constitute "specifiable departures from the shared tradition and are defined in this way ." (30)

Parsons' assumption that deviant values are to be explained in terms of their relation to an otherwise common symbolic universe rather than the different material conditions and interests of social actors has clear implications for his analysis of wealth and power. The economic and political content of large-scale social confrontations such as those in Russia in 1917, Britain in 1926, Germany in the 1930's, and France in 1968 suggest that the conceptual tools for analyzing them should relate to material as

well as purely symbolic social processes and relations. Parsons' functionalist analysis of stratification and related sociological problems, however, systematically overlooks the material basis of power and social inequality.

In his early work The Structure of Social Action Parsons, in a few pages of largely tautological analysis, suggests that force is a marginal or residual aspect of social life. While contending that force and fraud, emphasized in Pareto's theory of social change, have been underestimated by liberal theories of progress and linear evolution, he observes that they often perform an integrative function. (31) They are, moreover, used primarily by the state in order to enforce "commonly accepted rules." Coercion and, by implication, the divergence of material interests that characteristically accompany its exercise, are thus theoretically transformed by Parsons into the corporeal agency and effect of a more or less universally accepted value system. Both the scale of coercion and its significance as a determining principle of social structure are assumed to be minimal.

A similar assumption pervades Parsons' analysis of social control in The Social System. The most fundamental mechanisms of control, Parsons suggests, lie in the normal processes of social interaction. The main mechanisms :

"are to be found in the institutional integration of motivation and the reciprocal reinforcement of the attitudes and actions of the different individual actors involved in an institutionalized social structure." (32)

The institutionalization of motivation, attitudes and actions serves to order different activities and relations into a "sufficiently co-ordinated system". Social control is thus continually operating in the everyday practices of social action rather than a special sector of social effort and behaviour.

When "special strains" develop, however, corresponding special correctives are required. Secondary institutions such as those of the North American youth culture constitute a "safety valve" for the social system. Control mechanisms of this type, Parsons suggests, reinforce the more conventional forms of social interaction, the normal instrument of social control being "a complex system of unplanned and largely unconscious mechanisms." (33) Social control in its overtly coercive form is analytically isolated from the characteristic patterns of everyday social interaction, which Parsons sees to be largely automatic and self-sustaining. In effect Parsons generalizes Adam Smith's conception of the "hidden hand" into a theory of social relationships in general.

Parsons' theoretical and applied studies of stratification characteristically minimize the role of coercion and power in the determination and maintenance of social hierarchy and ranking. In his seminal 1940 study of this area Parsons defines social stratification in terms of the differential evaluation of system units and their resultant differential treatment within a complex of social superiority and inferiority. (34) Central to this definition is the normative ranking of social actors,

a conception which follows directly from the primacy of value-elements in Parsons' systems analysis. The familiar common value system is incorporated into Parsons' model.

"Through the differentiation of roles there is a differentiation in the specific goals which are morally approved for different individuals. But, so far as the society is morally and hence institutionally integrated they are all governed by the same more generalized pattern." (35)

Within this theoretical framework Parsons identifies six principal bases of differential evaluation. They are, in order of presentation, membership of a particular kinship unit, possession of personal qualities, accomplishment of valued achievements, ownership of material and symbolic possessions, possession of authority, and finally possession of power. Authority is defined as the institutionally recognised right to influence other social actors. Power, appended to Parsons' list as a "residual category", entails the ability to influence others and secure possessions without this sanction of legitimacy. Differential status is seen as the result of evaluations on the basis of all six of the criteria identified by Parsons. Power, however, constitutes a special case. It is only operant outside the framework of legitimate social relations and actions. Power and the coercive dimension thus again occasionally augment, rather than permeate and play a persistent part in structuring, social stratification as perceived by Parsons.

In 1953 Parsons extensively revised his 1940 analysis, developing its central themes and applying them to contemporary North America. Again, stratification is identified as a universal process whereby individuals are ranked according to a common value system. In this work, however, the unit of analysis is the status-role complex, which may refer to an individual or a collectivity, whereas the earlier version was concerned with the social actor pure and simple. (36) The properties of the status-role complex may be "classificatory", in so far as they are sui generis of the complex, as in the case of age or sex, or "relational", as with membership of a kinship unit.

Parsons characterizes stratification in contemporary America as structured in terms of universalistic-achievement criteria. Equality of opportunity is stressed, and status depends largely upon individual accomplishment. Parsons describes the United States class system to be relatively "loose", without either a clear-cut hierarchy of prestige or an unequivocal ruling class, with high mobility and with a high degree of tolerance of different routes to success. (37) Upward mobility depends largely on education, and education on ambition. Parsons concedes discrepancies between achievement and reward, but sees them to be of secondary importance. In his 1940 study Parsons identifies the two principal determining elements of the United States stratification system as occupational achievement and kinship group membership. Occupational achievement is governed by the universalistic criterion of equality

of opportunity. Kinship, however, qualifies the influence of this principle. Birth, that is to say, gives differential advantages of opportunity which, for Parsons, guarantee the stratification system some stability. (38) The income hierarchy corresponds quite closely to the process of individual evaluation, in which family status is an operant factor. Kinship thus mediates the universalistic principles inherent in the occupational order, but not in such a way as to undermine their operation.

"(The)...dominant pattern of the occupational sphere requires at least a relatively high degree of 'equality of opportunity' which in turn means that status cannot be determined primarily by birth or membership in kinship units." (39)

In the revised version Parsons terms the whole complex of occupational roles, income derived from these roles, and the status of kinship units "class status." (40) Through such practices as the inheritance of property, wealth to some extent becomes a source of status independent of the norms of achievement and universalism. In general, however, wealth is not a primary criterion of status. "Like office; its primary significance is as a symbol of achievement." (41)

In these two studies of stratification Parsons is primarily concerned to examine it in terms of value elements and system-unit evaluation. The United States stratification system is characterized as essentially universalistic, discrepancies being deemed to be of secondary importance. Power, defined as the capacity of a

system-unit to actualize its interests and thereby influence processes within the system as a whole is minimized and identified as an auxiliary, "special" dimension of social relations. (42)

SOCIAL DIFFERENTIATION AND STRATIFICATION AS A
"NECESSITY".

As against Parsons' attribution of primacy to the universalistic-orientated evaluation of system-units in the determination of social stratification, much functionalist analysis in this area has been concerned with the functional inevitability of structured inequality imposed by social differentiation. The most influential variant on this thesis is that of Davis and Moore, first published in 1945. Noting the differential functional importance of social positions, Davis and Moore suggest that in any differentiated society only a limited number of persons have talents which are "trainable" for the most important positions. The conversion of these talents into actual skills requires training, involving sacrifice, and consequently the incumbents of the most responsible and important social positions must be induced to forego immediate gratification by the prospect of privileged access to scarce and desired rewards. The resulting structure of social inequality, Davis and Moore propose, is both functionally advantageous and for the system as a whole and inevitable.

"Therefore, social inequality among different strata in the amounts of scarce and desired goods, and the amounts of prestige and esteem which they receive,

is both positively functional and inevitable in any society." (43)

B. Barber has elaborated a similar explanation of the functional necessity of stratification. Barber defines stratification descriptively, in terms of the unequal flow of desired scarce resources on the one hand and punitive measures on the other. He sees the functional importance of activities and roles to be its primary criterion.

"a system of stratification can be seen as a system of facilities, rewards and punishments allocated to the members of a society for the ways in which they perform its functionally essential and valued roles." (44)

Barber proposes that stratification is inevitable because the differential evaluation of roles, inevitable when roles are unequally important for the system as a whole, is an unavoidable corollary of the differentiation that is essential in any society. He concludes that "Some system of stratification is a functional requirement of societies".(45)

The attempts by R.D. Schwartz and M.M. Tumin to correct the perceived simplicity of the Davis and Moore thesis, while indicating a more adequate empirical recognition of the complex of effects of stratification, are written from the functionalist perspective and share its most basic assumptions. Their criticisms augment rather than substantively challenge the Davis and Moore study.

The main points of objection in Tumin's analysis are that the conception of "functional importance" is imprecise and may provide the basis for a rationalization of the existent structure of inequality. Differential esteem, he suggests, need not be reflected in unequal rewards between social strata, social duty being a possible alternative basis for motivation. The only items that society must distribute unevenly are the power and property necessary for the performance of particular tasks, and these constitute resources rather than rewards. Stratification, moreover, has dysfunctional as well as positively functional consequences for system integration. It serves to repress as well as foster the emergence of talent, limit the expansion of productive resources, provides the basis for conservative ideology, and encourages inter-strata hostility. Consequently stratification tends to lower the motivation of the incumbents of the lower strata and constitutes a disruptive influence on social integration.

"To the extent that inequalities in social rewards cannot be made fully acceptable to the less privileged in a society, social stratification systems function to encourage hostility, suspicion and distrust among the various segments of a society and thus to limit the possibilities of extensive social integration." (46)

Elsewhere Tumin suggests that an effort-determined social structure and reward system would engender not only a

more stable mode of integration but also a higher level of material productivity. (47) The basis of his critique of Davis and Moore, however, is the perceived dysfunctionality of prevailing patterns of social stratification. Both Tumin's theoretical revision of the Davis and Moore thesis and his conception of an alternative form of stratification are elaborated in terms of functionalist criteria of systems integration. As such they constitute technical qualifications to the conservative excesses of Davis and Moore rather than the basis of a genuinely alternative theoretical interpretation of social stratification. While lacking the theoretical rigour of Durkheim's perceived correspondence between meritocratic principles and the "normal" form of the division of labour, Tumin's thesis is structured by a critical, but still nevertheless functionalist, analysis of social inequality.

Similarly, Schwartz's comparative study of two Israeli settlements, while concluding that both communities have developed non-inegalitarian ways to fill socially important positions, assesses their success in terms of system integration. System integration, for Schwartz, is evidenced by the technical effectiveness with which positions are filled.

"The positional structure can be changed to coincide more closely with available motivated skills, and the skills can be modified in a number of ways other than by the unequal distribution of rewards." (48)

Schwartz, like Tumin, raises the possibility of other than inegalitarian cultural practices which "help get important positions conscientiously filled by able personnel." In both cases, however, the alternatives to inequality are perceived and assessed primarily in terms of their advantages for the technical-integrative potential of the system as a whole. The assumptions of both Tumin and Schwartz, in other words, are still those of the functionalist model of system integration. The question of "functional for what?" remains, as in the Davis and Moore thesis, posed at the indeterminate conceptual level of the social system. The dominant structural principle is that of modified, more variable, homeostasis. The concern of both studies is to conceptualize the general possibility of non-inegalitarian modes of stable organization rather than to establish the interest-specific basis of existent patterns of stratification, particularly those which characterize advanced capitalist societies. (49)

STRATIFICATION, MARXISM AND SOCIOLOGY.

The contrast between the models of social structure implied by these two theoretical orientations toward stratification is frequently obscured by sociologists. Gouldner, for example, proposes "the re-establishment of a productive liaison between modern academic sociology and Marxism." (50) Gouldner identifies the "rational core" of academic sociology as the Parsonian concern with the self-maintenance of social systems, and suggests that despite its conservative implications in the context of

Western capitalism it has a liberative potential from a wider perspective. Specifically, he proposes that by raising the question of social and economic self-governance Parsonian equilibrium analysis embodies a specific rationality with relevance for the "towering state apparatus" of the Stalinist East European societies. (51) The model of self-maintaining social equilibrium, that is to say, provides a theoretical construct with a direct bearing on the social organization of post-capitalist societies.

Gouldner's thesis, however, in so far as it proposes a mutatis mutandis transference of Parsons' general model of specifically social relationships to the particular context of the socialist states of East Europe, in fact undermines his proposed convergence of Marxist and sociological theory. While Marxists concerned with the analysis of these states have explored the unquestionable centralization of political power that has accompanied the bureaucratic deformation of socialist democracy, their initial problematic has been and remains the material conditions favourable to the emergence and consolidation of this tendency. For Marxists, the bureaucratization of the Soviet Union in particular, inseparable from its isolated and technologically backward conditions of inception, is both historically and analytically prior to any proposed restoration of democratic social forms. (52)

Gouldner, by contrast, undertakes a consistently sociological interpretation of the growth of Stalinism. In particular, he suggests that Weber's analysis of bureaucracy is of greater explanatory value than that of

Kautsky. Gouldner's purpose in endorsing the Weberian conception of the "dictatorship of the official", it should be noted, derives at least in part from his concern to defend academic sociology from the polemical critique developed by M. Nicolaus.

"Certainly, the subsequent development of Stalinism would seem fully to justify Weber's critique. And if this is so, then how can sociology be regarded as an intellectually bankrupt and totally reactionary discipline?" (53)

In effect, Gouldner's proposed "productive liaison" between academic sociology and Marxism constitutes a formula with which to apply the Parsonian model of social organization to the historically unique societies of East Europe at the same time as eclectically drawing from some aspects of Marxist theory, in particular the concept of alienation, to augment the tradition of establishment sociology. (54) In attempting to effect this theoretical exchange Gouldner seriously misrepresents some of the "elements" of Marxist theory that he discusses. He endorses, for example, Albrecht Wellmer's contention that in Marx's later work the contradiction between the "forces" and the "relations" of production rather than the liberative potential of class struggle "ensures the uprooting of capitalism". (55)

Now while his political economy is concerned with the tendential movements inherent in the capital-labour relationship, movements realized by and through what Gouldner terms "the structures of society and their

contradictions", it does not follow that Marx abandoned the conception of class struggle as the medium of the abolition of capitalism. While the contradiction between the forces and relations of production, between the increasingly social process of production and the continued private form of appropriation, is fundamental to Marx's analysis of capitalism, class struggle and revolution remain the vital social dynamic, without which "the uprooting of capitalism" is an abstracted and historically meaningless formula. Volume One of Capital, for example, concludes with a characterisation of the transformation of capitalist private property into social property as "the expropriation of a few usurpers by the mass of the people".(56) The objective conditions of this expropriation are, for Marx, prepared by historical developments in the structure of capitalist society, including the concentration and centralization of capital, and the growth of the cooperative form of the labour process. Marx never, however, reduced the abolition of capitalism to these necessary but not sufficient conditions. Even the years of theoretical labour in the British Museum elaborating the "structures" of the capitalist mode of production did not weaken Marx's conviction that ruling classes rarely if ever give up their privileges voluntarily.

The main point we wish to make, however, is that the attempts by Gouldner and others to effect a convergence between Marxism and academic sociology are fundamentally misconceived. Marxism and Functionalism in particular derive from and assume quite conflicting models of social organization, especially as it relates to stratification and inequality. As a consequence, attempts such as those of Tumin and Schwartz to modify the less sophisticated functionalist analysis of stratification, as represented by Davis and Moore, are essentially elaborations on rather than alternatives to the object of their critique. This is especially apparent in

Tumin's discussion of the dysfunctions of stratification. Schwartz, on the other hand, while correctly questioning Davis and Moore's assumed identity of inequality and technical efficiency, offers in its place a socio-psychological problematic. Davis and Moore, he suggests :

"may have erred in stressing maximum effectiveness instead of the individual satisfaction which inequality typically brings to those powerful enough to control the distribution of rewards." (57)

The structural conditions which generate a persistent inequality in the reward hierarchy of capitalist society are, we must assume, non-problematic. Inequality, for Schwartz, is a datum of social existence, one of a number of alternative means of determining the positional structure, or of functionally integrating the activities and efforts of social actors into a consistent complex of social interaction. As such it is not a phenomenon systematically examined in terms of the objective, group-based material interests that differentially benefit in particular stratified societies. This failure to examine structured relations of conflicting interests, the most general weakness of Davis and Moore's analysis, is not fundamentally corrected by their critics within the functionalist perspective.

STRATIFICATION, VALUES AND CAPITALISM.

Parsons, however, is not concerned with the functional inevitability of stratification in terms of the purely technical

criteria of efficiency and social differentiation that dominate the work of Davis and Moore and their critics. Rather, his initial assumption is, as we have seen, the primacy of evaluation in the hierarchical structuring of system-units, and his analyses of particular societies are developed accordingly. Gouldner is thus correct in suggesting that "there is a persistent pressure in Parsons' work to ignore social regularities that are not generated by moral codes." (58) The imperatives of economic and political power are minimized in favour of perceived legitimate structures of social obligations, often leading Parsons to virtually transcribe the idealized portrayals of legal and constitutional ideology as adequate accounts of social reality. His characterization of the effects of democratic electoral procedure, for example, constitutes little more than an account of the legal framework of voting practices, quite abstracted from the economic interests which they both are sustained by and sustain.

"In the largest-scale and most highly differential systems, namely the leadership systems of the most 'advanced' national societies, the power element has been systematically equalized through the device of the franchise." (59)

Characteristically Parsons pays little attention to the wealthy and their persistent influence on the development of society as a whole. Nevertheless, their disproportionate effect on economic and political life

in the advanced capitalist countries is well documented. (60) Parsons empirically concedes the existence of private property and inheritance and their implications for the relative autonomy of wealth in "class status" structuration. He neither attempts to elaborate a structural explanation of the persistence of wealth, nor adequately resolves the challenge that it poses to the supposed dominant "universalist" values of achievement, however. The question of sectional social power and its source is effectively conceptualized out of court.

In Structure and Process in Modern Societies Parsons attempts to trace and account for the changes he perceives to have taken place in the advanced capitalist societies. The twentieth century, he observes, has witnessed a gradual increase in the size of the typical industrial firm, with an accompanying tendency to progressively employ an increasing proportion of non-family members. In the dynamic departments of modern industry, especially in the United States, functions are fulfilled primarily in occupational roles separated from the family, a development which Parsons terms "the most crucial change in the economy since the Marxian diagnosis was made." (61) Parsons draws the conclusion that large-scale firms are now run "as if" they were no longer first and foremost profit-making organizations.

"...it is of dubious value to continue to speak of the 'free enterprise' sector of the economy as 'capitalistic' at all." (62)

Characteristically, the problematic of sectional power is avoided, but in this case the source of that avoidance

concerns Parsons' perception of the structure of the capitalist enterprise itself. Weber's model of bureaucracy, he suggests, most adequately describes the reality of contemporary industrial as well as governmental organization. Control, while still legally in the hands of the owners of the enterprise, is effectively exercised by a distinct board of directors. Echoing Galbraith's technocratic conception of the industrial firm, Parsons proposes that its control-focus lies within its own organizational interest, managers occupying an essentially administrative role comparable to that of the university professor.

That the administrative-managerial groups in the private sector coordinate the activities within individual firms subject to the imperative to attain at least a minimal level of profitability is overlooked in Parsons' formulation. Parsons fails to discriminate between the day-to-day empirical administration of the enterprise on the one hand, and the ultimate responsibility of the managerial strata to capitalist profit-criteria on the other. Despite the important structural changes, including the decline of the family firm, which have taken place, profitability remains the yardstick of both capitalist success and failure.

In his important paper Evolutionary Universals in Society Parsons restates his functionalist theory of social stratification. Culture, he observes, is shared through the four basic evolutionary universals of language, religion (the orientational aspect of culture), kinship organization

and technology. Other "universals" associated with the process of "breaking out" from the "primitive" stage of social existence are a system of social stratification, a legitimized complex of differentiated social functions, bureaucracy, money and markets, and an integrated system of universalistic norms. Parsons pays particular attention to the problems of legitimacy, integration and shared values with the emergence of social differentiation and stratification. These developments require :

"solidarity and integrity of the system as a whole, with both common loyalties and common normative definitions of the situation." (63)

Only such conditions can assume the existence and consolidation of a "societal community".

When Parsons specifies the organizational and interactional forms through which this process is effected he emphasizes the franchise rather than power or coercion.(64) Thus while noting that social leaders require "sufficient power" in addition to legitimation, his exclusion of the power element from the list of evolutionary universals demonstrates the almost secondary importance he attaches to the "strain and potential disorganization" he formally ascribes to the stratification system.

This effective exclusion of the power dimension of social and economic organization is perhaps most apparent in Parsons' discussion of bureaucracy. Observing, without further comment or explanation, that bureaucracy requires a considerable concentration of power, Parsons endorses

Weber's proposition that bureaucracy is technically "the most effective large-scale administrative organization that man has invented." (65) At the same time, that is to say, as power is minimized as an operative factor in social processes, Parsons effectively equates organizational efficiency with a particular, specifically capitalistic, structure of domination-oriented social relations, thus generalizing a specific historical phenomenon into an intrinsic aspect of rational social organization as such.

Similarly, but more fundamentally, Parsons universalizes the most basic social relations of commodity society by positing the necessity of money and markets for the stable functioning of developed societies. Market exchange, he suggests, is the most general means of mobilizing economic resources, although other means, such as the use of political power and the activation of non-political solidarities, are also empirical possibilities. Constituting a generalized resource, money is able to effect a potentially unlimited range of economic transactions.

"possession of physical commodities, and by extension, control of personal services by purchases, certainly can, very generally be legitimized in the market nexus." (66)

Superficially Parsons characterization of money as "the great mediator of the instrumental use of goods and services" resembles Marx's rather less prosaic observation concerning the power of universal purchase inherent in the money form of capital. "Money is the pimp between man's need and the object, between his life and his means of life."(67)

Parsons, however, goes on to contend that the market system depends and rests upon "universalistic norms". In The Social System Parsons defines such norms in terms of their "generality" as contrasted to the "particularity" of a particularistic normative standard. (68) Universalistic norms thus, for Parsons, entail a universal applicability, a generality as opposed to a specificity of reference. They are, as such, the sociological embodiment of the Kantian categorical imperative to the rational being: "Act on that maxim which can at the same time be made a universal law".

In leaving his analysis of money and the market at this point, however, Parsons avoids the corollary of his thesis, a corollary crucial for a fuller understanding of the relation between money and the structure of human relations which it mediates. Immediately following the sentence quoted above, Marx continues with an explanatory observation :

"But that which mediates my life
for me, also mediates the existence
of other people for me. For me it is
the other person." (69)

The point that Marx is making here, and it indicates precisely the weakness in Parsons' formulation, is that money mediates not only, or even primarily, between person and things, but first and foremost between person and person. It is, that is to say, an essentially social relation. While it formally equalizes the exchange relations between individuals, the transactions and mediations

effected by money will reflect and be structured by wider patterns of more or less unequal socio-economic relations between different social groups. E. Preiser notes that in the specifically capitalist context labour divorced from property ownership is structurally placed in a disadvantageous position within the total complex of economic relations.

"Behind the elasticity of supply lies the power embodied in property, and this foundation is much more stable than say, a collective monopoly of the workers which could limit the supply of labour only by artificial means and, by its very nature, only temporarily." (70)

As Preiser implies, the sphere of economic relations is inseparable from the power structure which it both sustains and expresses. Specific economic transactions are thus effected within a context of antagonistic interests, within what H. Albert has termed "a more or less conflict-laden concert of persons associated in social entities of various kinds." (71) Parsons, by orienting his analysis toward the deceptive level of formal liberty, equality and universality, fails to detect how in capitalist society money mediates and expresses the particular conflict of interest between worker and capitalist, between exploited and exploiter. This relationship constitutes the major challenge to Parsons notion of a common value system by posing exploitation and conflict of interest as the ontological foundations of the

social structure. Social stratification is inherently unfavourable to the emergence of value consensus, systematic social inequality characteristically fostering competing definitions, both factual and normative, of the situation. Parkin distinguishes between the dominant, subordinate and radical value systems, each deriving from a different structural source, and promoting deferential or aspirational, accommodative and oppositional orientations respectively. (72)

While it should not be confused with expressly revolutionary consciousness, the solidaristic ethos of working class communities derives directly from the occupancy of a shared class position, the crucial feature of which is the common sale of labour power. (73) Parsons can speak of "the solidarity and integrity of the system as a whole" only because he assumes the existence of universalistic norms which underlie it. This, however, is a utopian assumption in the sense understood by Engels rather than Mannheim (74) in the context of societies characterized by gross and visible material inequalities, particularly in so far as they derive from the workings of the capitalist market and the cash nexus of the labour-capital relationship.

SYSTEM-INTEGRATION, STRATIFICATION AND THE STATE.

Parsons' theory of social stratification and its implications for system-integration are directly related to the problematic of the state in THE SOCIAL SYSTEM.

Parsons examines the state as a power-oriented integrative apparatus, the function of which is to confine social conflict within bounds compatible with the maintenance and survival of the system as a whole. All societies, he observes, require some means of control of the exercise of coercion by their various system-units. The state, which Parsons locates at the point of interception of power, force and territoriality, constitutes a particular structure functioning to effect this necessary limitation of coercive social practices. (75) While positing a common value system Parsons thus avoids adopting Durkheim's conception of the state as an expressive and essentially epiphenomenal element of the social organism. The state is an active component of the normative system required to impose limits in the behaviour of individual actors which would jeopardise the process of competitive allocation, by which Parsons means "the process of economic competition in the market situation." (75)

Parsons analysis of order and power, as we have seen, assumes and refers to the structures of commodity market relationships. This is particularly apparent in his discussion of scarcity, the social context of which is identified as a Hobbesian struggle of individual wills and purposes. Power is viewed as a relational property of social atoms, its "social" exercise functioning to control an otherwise anarchic struggle of individuals. This perspective is quite consistent with Parsons' adoption of the competitive economy model. Concerning scarcity generally, he writes :

"Every social system must have mechanisms for the allocation of possessions as facilities, because their possession is desirable and they are inherently limited in supply in relation to demand." (77)

The social aspect of scarcity is identified as its fundamental feature, the allocation of physical objects being a derivative phenomenon. Parsons thus defines possessions as rights or bundles of rights, "a set of expectations relative to social behaviour and attitudes."

Explicating the source of the perennial scarcity of possessions Parsons distinguishes "relational" from "non-relational" factors. Non-relational factors are "extrinsic to the social system as such". This category of sources of scarcity includes, for example, physical and biological limitations to the availability of objects. Also included are objects which can only be produced "at a cost in the economic sense of the term." Through this group of objects Parsons generalizes the cost-profit criteria of capitalist society as the most basic mechanism for the allocation of possessions in "every social system" (78). Capitalist production and distribution relations are again built into Parsons' model of a functioning social system, although he also includes in the category of non-relational factors the natural constraints of time and space.

For Parsons, however, the most fundamental limitation on human action is the relational factor. By this he refers to the mechanisms which effect an avoidance of the social disorder that would otherwise be engendered by an uncoordinated clash of mutually incompatible social actions and practices. These mechanisms have an inherently systematic character.

"Relational possessions in the sense of rights of any actor to count on certain reciprocal actions (and attitudes) of others, must in the nature of the case be organized into a patterned system." (79)

Following Hobbes Parsons terms this the "relational problem of order", in so far as it concerns the allocation of possessions as facilities, of "the problem of power". He adopts Hobbes's usage of power, defining it as "a man's present means to any future goal," with the qualification that those means must be dependent on his relation to other actors.

For Parsons the significance of power in the social system is dependent upon its degree of generalization and, consequently, of quantification. These aspects of power are seen as variable, both between social systems and over time within any society. Parsons identifies their major determining factors as the degree of differentiation of a society's role system, the increasing incidence and influence of universalistic orientations within the social system, and the extent of operant effectiveness or "drasticness" of means. He endorses the Hobbesian analysis

which purports to demonstrate how the unregulated exercise of force would lead to the war of all against all. This assumption poses the question of the degree of effectiveness of legitimate means for the attainment of goals, which is the source of the "struggle for power".

"only by some sort of control operating on both parties to a conflict can the vicious circle be broken." (80)

Parsons thus contends that the question of power arises with the development of role differentiation, especially in social systems characterized by universalistic orientations, and is exacerbated by an absence of control exercised over the means used by social actors to attain goals. We will indicate a number of critical objections to this depiction of the phenomenon of social power in general. In the first place, it is structured by the assumed universality of scarcity and the Hobbesian image of man in society. As such it effectively universalizes the market relations of commodity society, locating their source in an extra-social sphere, extrinsic to the social system. Consequently Parsons' analysis is abstracted and essentially ahistorical, in so far as it is decontextualized from the specific imperatives of particular social and economic power complexes. Parsons' problematic is the need for control in social systems in general, rather than the actual historical bases of conflicting claims and interests in specific contexts. This follows directly from his stated purpose to provide in The Social System

the outlines of a generalized theory of social structure and processes. (81) The result, however, is an essentially indeterminate conceptual construct with an absolute minimum of object specificity.

In addition Parsons' association of power and increasing role or functional differentiation in society recalls Durkheim's discussion of the development of the social division of labour. Parsons conception of power as a directive principle, functioning to engender and further the integration of the system as a whole is accordingly subject, with qualifications, to the criticism we raised in relation to Durkheim's model of the state as performing a regulatory role within the social organism. In particular, both theorists abstract a specifically social sphere from the complex of social relations developed through the social effort to transform and appropriate the external world.

Parsons differentiates the social, personality and cultural systems as aspects of any concrete system of social action. No one, he emphasizes, is reducible to the others, either singly or in combination. (82) This rigid analytical division between levels of analysis, together with his general concern to examine a specifically and exclusively social sphere of relations, establishes Parsons' continuity with the theoretical tradition consolidated by Durkheim. Both abstract the complex of interactional structures and practices from the sector of economic activity which sustains and forms it. Thus, while Parsons formally generalizes the exchange relations of commodity society and posits them as an inherent element

of the social system as such, his analysis does not include a discussion of the underlying relations of commodity production. Rather, the interactional model that he constructs concerns the power-oriented allocation of social facilities as the given data of social existence. Parsons' conception of the normative legitimation of goal attainment in this way bridges the logical contradiction between the supposed common value system of a more or less self-maintaining society and the socially divisive implications of commodity production and exchange. His analysis of social power is elaborated accordingly.

Parsons distinguishes two particular modes of the generalization and quantification of power, the economic and the political. Whereas economic power concerns the possession of means to maximize advantages in exchange transactions, political power has a quite different orientation and field of influence. It entails :

"a mobilization of the total relational context as a facility relative to the goal in context." (83)

Parsons, that is to say, interprets political power and its exercise to involve the effective capacity to systematically control the processes of the interactive system as a system. Parsons' holistic orientation thus intrudes into and structures the voluntaristic ("mobilization") dimension of his analysis of political power. Power is perceived as a teleological potential for the activation of the relational complex in the pursuit of particular goals. These goals are, characteristically, quite

indeterminate. Parsons' analysis of political power thus effectively assumes the form of an ideal-typical description of one mode of exercise of that power. Explanation in this way becomes mere accounting, and theory is replaced by narrative.

Applying this perspective toward political power to the particular case of the state Parsons presents the following dual proposition, which we will quote in full :

"The diffuse character of political power explains the peculiar relevance of it to the gradient of drasticness of means. Since ability to use force in its relation to territoriality is one ultimate focus of power in this sense, the control of the use and organization of force relative to territory is always a crucial focus of the political power system, in one sense the crucial focus. It is this which gives the state its central position in the power system in a complex society. It is in turn the functional need to organize the power system relative to force and territory which gives control of the machinery of governmental organization its strategic position as a proximate goal of emulation for power." (84)

Parsons explains the concentration of political power in the state by on the one hand tautologically noting the empirical monopolization of coercive capacity on a

territorial basis, and on the other by abstractly and equally tautologically positing the functional need for such a centralized, territorial focus of power. As with Parsons' discussion of the nature of power in general, the schema is abstracted, ahistorical and sociologically explains little if anything about the social nature of the state in actual, concrete societies, and its relation to the various interest groups within them.

While, in summary, Parsons model on The Social System depicts the state as an organ which functions to confine social conflict to manageable proportions, he does not attempt to locate the objective source of those conflicts and relate them to the context-specific exercise and practices of state power. At the same time, however, he implicitly structures his analysis of the social system in accordance with the production and market relations of specifically capitalist commodity society (the "relational" factor of scarcity). This thoroughgoing ethnocentricity is reflected in Parsons' fascination for the Hobbesian model of man, a model which C.B. Macpherson has convincingly related to the development of the possessive market society where labour has become a market commodity. (85) Macpherson draws attention to the effective classlessness of Hobbes's atomized model of social relations and the erroneous conception of the state that it sustains :

"Since he left class division and class cohesion out of his model, there was no place in his conclusions for a sovereign body tied to one class.

Yet that is the kind of government most agreeable to the model of a possessive market society. Those who possess substantial property need a sovereign state to sanction the right of possession. " (86)

Macpherson's criticism, that Hobbes did not incorporate the class-specific interests exercised by and through the state into his model, is applicable to Parsons' analysis. While elaborating a model of the social system which is agnostic towards the class nature of the state he at the same time incorporates, at crucial points, economic relations specific to capitalist society. In this sense there are elements of Parsons' model of state power which, when their implications are realized, challenge the theoretical adequacy of the model itself.

PARSONS' AND POWER : RECENT DEVELOPMENTS.

Parsons' more recent analyses, theoretical and applied, of social power are grounded in and constitute elaborations of rather than substantive departures from the model presented in The Social System. In his paper On the Concept of Political Power, for example, Parsons proposes to place the concept of power in the context of a more general conceptual scheme for the analysis of societies. (87) This characteristically "systematic" orientation is adopted in a number of recent studies of power by Parsons and locates them within the perspective developed in

The Social System. New concepts are introduced, however, and power generally becomes a more central and explicit pre-occupation in these analyses. In concluding our discussion of Parsons' analysis of power and the state we will indicate the continuity between his more recent development and the theoretical framework elaborated in his earlier analyses.

In his review of C.W. Mills' Power Elite, Parsons challenges Mills on a number of empirical points. He suggests, for example that self-recruitment rather than inheritance is the major determinant of recruitment to elite positions in the contemporary United States. The theoretical kernel of his criticism, however, concerns the "zero-sum" conception of power. This conception, emphasizing the sectional character of social power based on the mutually exclusive objectives and interests of different social groups, is anathema to Parsons. Rather, he suggests that in the exercise of power all sides may gain from a particular resolution. Just as the amount of wealth produced varies between societies and at different stages of any society's development, so does the amount of power generated. For Parsons the collective aspect of power is the most crucial. This orientation derives directly from Parsons' familiar theoretical concern with the legitimization of social actions around collective goals which rest on and express a common value system, that of "instrumental activism" in the case of contemporary North America.

As against the zero-sum formulation Parsons

counterposes the conception of power as "a facility for the performance of function in, and on behalf of, the society as a system." (88) Mills, he suggests, reifies a secondary aspect of the total phenomenon of power into a definition of the relational complex as a whole. This criticism derives from a distinction between the distributive and collective aspects of power, Parsons attributing the latter with analytical primacy. Parsons defines power as "a generalized facility or resource" in society which constitutes the capacity to mobilize social resources for the attainment of goals for which a general "public" commitment has been made. In addition to its collective aspect Parsons indicates its legitimacy within the structures of social action.

"It is a mobilization, above all, of the action of persons and groups which is binding on them by virtue of their position in society. Thus within a much larger complex Mills concentrates almost exclusively on the distributive aspect of power." (89)

The societal implications of Parsons conception of a "general 'public' commitment" are modified in later formulations, but his critique of Mill's thesis, first published in 1957, clearly constitutes an elaboration of his earlier systems analysis. Its key assumptions of sociological holism and the structural primacy of value-elements establish a continuity with Parsons'

established theoretical orientation.

These assumptions are developed further and expounded more systematically in Parsons' On the Concept of Political Power, concerned with three particular problems associated with the analysis of power. Parsons, implying a theoretical revision of his analysis in The Social System, questions the theoretical diffuseness of the Hobbesian formulation which sees power essentially as a generalized capacity to attain social goals, quite irrespective of the medium employed and the status of the authorization in question. We will see, however, that the significance of this development is more apparent than real. Parsons also examines the relation between the coercive and consensual aspects of power and restates his objections to the zero-sum formulation.

Critically assessing the Hobbesian tradition of analysis, Parsons identifies power as a specific mechanism, analytically distinct from money, influence and coercion, functioning to effect changes in the actions of other system-units. He suggests a parallel between the conceptual structures appropriate for the analysis of politics and economics. With this assumption Parsons defines the social collectivity as a system with a capacity for "effective collective action." The political process is that which builds, operates, determines the goals of and mobilizes the resources for that system of action. Power thus constitutes a processual and circulatory relational phenomenon, "a generalized medium involved in the political interaction process" functioning in a similar way as does money in the economy. (90)

As in economics, an input-output model is seen to be applicable to the analysis of the polity. As inputs to the political process Parsons' identifies the commitment of resources to collective action, the demand or "need" for collective action, the control of society's economic output for the goals of the social system, and the legitimation of the authority under which collective decisions are taken. Parsons, however, emphasizes the analytical distinction between these at least partly economic components or inputs and the actual political process itself.

"Power...is the means of acquiring control of the factors in effectiveness; it is not itself one of these factors, any more than in the economic case money is a factor of production." (91)

Power for Parsons is a sui generis social phenomenon, conceptually parallel to the economy and empirically incorporating some of its outputs, but analytically distinct. He identifies the outputs of the polity as the opportunity for effectiveness and the capacity to assume leadership responsibility, the latter being both a form of influence and an output with specific reference to the integrative system. (92)

In this paper Parsons indicates a direction of analysis which, if consistently pursued, would lead to a qualitative theoretical advance from the position presented in his critique of Mills, where he formulates the concept of a public commitment in order to explain the exercise

of power at a societal level. In On the Concept of Political Power, however, it is no longer immediately clear that the "collective" as against the "distributive" or sectional aspect of power has unambiguous primacy in Parsons' schema. He observes that in the political sphere :

"The 'wants' are not for consumption in the economic sense, but for the solution of 'interest' problems in the system, including both competitive problems in the allocative sense and conflict problems, as well as problems of the enhancement of the total effectiveness of the system of collective organization." (93)

Despite this increased recognition of "conflict problems", however, Parsons later presents a formulation of system solidarity on which conflicting interests are subordinated to and constituted within a wider environment of shared interests, a conception which recalls Simmel's model of "Opposition between associates." (94)

"A social systempossesses solidarity in proportion as its members are committed to common interests through which discreet unit interests can be integrated and the justification of conflict resolution and subordination can be defined and implemented." (95)

Collective societal interests and goals regain their paramount position in Parsons' analysis of power. At no

point, moreover, does he specify the substantive content and character of the sectional interests which potentially cross-cut this societal orientation. Power is effectively equated with legitimacy or authority. Its function is to ensure, through threat of sanctions, that obligations are binding on the members of a social system. But in order to function as a "generalized medium" in this way it must be legitimized, that is, it must to some extent be "optional". (96)

Parsons idiosyncratic usage thus defines power in terms of its legitimacy as perceived by social actors, or its "bindingness", which entails and assumes a shared value system, "some sort of consensus among the members of the collectivity." (97) Parsons elsewhere emphasizes this conception of power by contrasting it with the exercise and control of force in society. (98) Power systems are dependent upon the institutionalization of authority, and compliance is a legitimate and expected mode of response. By contrast force, monopolized by the government, is reserved as a tactic of last resort. Power, a generalized circulating medium, is exercised on a decentralized basis, operating through social institutions such as the family. That force is an instrument of last resort as underlined by Parsons' observation that a politically organized society is to some degree a "moral community", its members sharing common norms, values and culture. Against this consensual background legitimate power is the normal means for the mobilization of social resources, force being a form of behaviour exclusive to a "special set of conditions." (99)

These works together, then, constitute an elaboration on the themes developed in Parsons' earlier work and systematized in The Social System. Whereas power is viewed as a residual relational phenomenon in Parsons' 1940 study of social stratification, it is incorporated into his later formulations as a generalized circulating medium, pervasive in its incidence and its effects on social processes. The conceptual framework is essentially the same in both instances, however, a terminological rather than theoretical shift distinguishing the two formulations. The general model of social structure and processes that Parsons adopts consistently views the "normal" interactional complex of social behaviour as one in which the mobilization of resources for the attainment of goals is structured by values perceived by actors as legitimate and morally binding. Coercive relations, whether defined in terms of "power" or of "force", are located in a special, extra-normal category of social behaviour. Accordingly power, when incorporated into Parsons' general conceptual scheme, is understood as an extension of social consensus rather than a mode of articulation of particular interests.

The indeterminate character of Parsons' model derives from its systematic lack of concern with the nature of the conflicts of interest which are supposedly integrated through the workings of the political process. This omission finds expression in Parsons' account of recent developments in American capitalism, which we have already critically assessed. Examining the sources of aggression in "Western" societies, Parsons analysis of the occupational system is confined to the feelings of injustice and insecurity

which are engendered by the competitive emphasis on achievement, quite apart from the structural relations in capitalist society which condemn the majority of actors to be, at best, "good losers". (100) Parsons accuses Marxism of psychological naivety, lacking a theoretical interpretation of the interpenetration of personality and the social system. (101) Nevertheless Marx's proposition that social existence, understood in terms of the complex of inter-class relations structured on the basis of the social transformation of nature, determines consciousness expresses a conception of the relation between these two spheres which, when contrasted with Parsons' taxonomic model of the social action system, is distinguished by its theoretical rigour and consistency. The power-based relations which permeate social relations are incorporated into Marx's construct at the most basic and fundamental level. Parsons, by contrast, envisages a sharp conceptual division between the kinship system where the individual personality is crystallized and the occupational system where the individual achieves social status. (102) The sequence of biographical development is transposed into a model of social causality, the environment of which is a systematic moral order rather than a complex of conflicting interest groups. Coercion, above all, is conceived as a special mode of social behaviour, both conceptually and ontologically subordinate to the structure of legitimate relations and practices.

If Parsons were proposing that power is not simply a question of the exercise of naked force and coercion his claim would be uncontentious. Ideology and hegemony

would, in such a case, constitute alternative forms of power relationships. Parsons formulae that power is legitimate and that force is a policy of last resort serve, however, to obscure the crucial features of contemporary capitalist organization. The increasingly transparent sectional use of force in the advanced capitalist countries, and overt struggles around existent power structures, are inexplicable from Parsons' model of system integration. His discussion of "power deflation" is revealing in this context. Disturbances, Parsons suggests, may emerge within a social system from many sources, but they are especially likely to be deflationary if the system's power commitments are "over-extended", or not reconcilable with the normal expectations of the system's operations. Such a development, Parsons continues, may generate a vicious-cycle in which different social units progressively counter each other's demands. (103)

As Giddens points out, however, what is missing in Parsons' account is a systematic explanation of how the corresponding process of "power inflation" takes place. (104) Such an explanation would entail an analysis of the roots of power in social life and practices. Parsons' concern in recent works to compare the conceptual models appropriate to the economic and political processes, however effects an avoidance of the ways in which the two interact in specific instances, and in particular of the structure of economic privilege that underpins political processes. His schematic analytical separation of their interrelations in terms of political economy. The fundamental theoretical problem, still not resolved by Parsons, concerns the source

precludes a structural account of their forms of interconnection

of the integrative value systems and shared loyalties that are seen to cut across the lines of incipient conflict which Parsons empirically, if indeterminate, recognizes. (105) This problematic in turn resolves itself into the question as to how "legitimacy" is mediated and sustained within systems of power to which it is far from identical. Because of the vagueness of his references to the conflicts of interest both in contemporary America and in "social systems" in general, however, Parsons is unable to locate their structural source and consequently their relevance for a theory of power. On this point Parsons' recent writings on the theory of politics, despite their relative conceptual sophistication, offer no substantive theoretical advance beyond the analysis of inequality, power and the state expounded in his earlier works and systematized in The Social System.

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43. K. Davis and W. Moore (1945)
44. B. Barber (1957), 20
45. Ibid., 19
46. M.M. Tumin (1953), 393
47. "A system of equal rewards for equal conscientiousness is probably.....a reasonable alternative to a system of unequal positional rewards and probably would enhance the productivity of any system of role playing, no matter what the institutional context." (M.M. Tumin, 1955 423).
48. R.D. Schwartz (1955), 430
49. R.D. Schwartz thus initially establishes his theoretical concern to be a demonstration that "inequality as analyzed by Davis and Moore has functional alternatives and that this fact requires extension or modification of their analysis." (Ibid., 424)
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73. J.H. Westergaard (1972). See also J.H. Goldthorpe, D. Lockwood et al (1969), R. Hoggart (1958).
74. For Engels utopian thought is characterized by the idealization of hypothetical social conditions, not grounded in a systematic understanding of existent society and its actual potentialities for development. Engels observes of the Utopian socialists Saint-Simon, Fourrier and Owen: "Like the French philosophers,

74 (cont'd).

they do not claim to emancipate a particular class to begin with, but all humanity at once. Like them, they wish to bring in the kingdom of reason and eternal justice....." (F. Engels, 1934,25) Mannheim, by contrast, defines Utopia in terms of the intellectual stimulus provided by oppressed groups who challenge the status quo, seeking to transform it into the perceived "good society". (K. Mannheim,1936). Engels's conception of utopian thought as entailing a discrepancy between a desired social programme and the actual conditions from which it could be realized embraces Parsons' proposition that a common value system can emerge from a market-based private economy. Such a proposition is formulated quite in opposition to the socially, economically and politically divisive effects of private property.

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79. Ibid., 121
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III. ANOMIE AND CAPITALISM.

INTRODUCTION.

Durkheim's analysis of the division of labour, organic solidarity and anomie offers a perspective with which to interpret the sources of social disorder and antagonism in advanced societies. As such it lends itself readily as a theoretical means of accounting for the social, economic and political crises that have punctuated the development of capitalism during the twentieth century. Most attempts to operationalize Durkheim's model of social structure and anomie, however, have been based on a misreading of Durkheim's analysis. Typically the radical content of Durkheim's analysis is minimized or ignored. This is particularly the case in the group of derivative analyses which we shall characterize as examples of "systematic conservatism". To a lesser extent a similar de-radicalization is effected in the writers whose work we shall term "composite eclecticism."

Where, by contrast, the radical egalitarianism of Durkheim's perspective is incorporated, the resulting programmatic analyses are characteristically developed in effective isolation from both the political economy of the decline in "moral cohesion" and a determinate conception of the specific agency of social reconstruction. We shall be concerned with the recent work of A. Fox as representative and constituting the most theoretically rigorous example of such "abstracted radicalism."

We have earlier suggested some central theoretical weaknesses in Durkheim's own analysis of power and the state. Our general concern here is to critically indicate some of the major derivative theses, in terms both of their relation to Durkheim's seminal work and of their explanatory adequacy in relation to developments in the structure and functioning of late capitalism.

SYSTEMATIC CONSERVATISM.

One group of sociological analyses have been centrally concerned to examine contemporary Western social organization in terms of the Durkheimian conception of declining moral order and integration. Their theoretical debt to Durkheim has been partial, however, in so far as they have emphasized the imperative need to restore social cohesion per se, quite in abstraction from the critical meritocratic theme that is built into Durkheim's model of organic solidarity. The conception of societal organization that these writers assume, we shall suggest, has close affinities with that implied by the proponents of neo-classical economics. The conservative implications of both place them in a tradition of social thought which is quite antithetical to the critical core of Durkheim's programme for social reconstruction.

An early example of this de-radicalization of Durkheim's perspective may be found in P.F. Drucker's studies of Fascism, written contemporaneously during the 1940's. While not explicitly derived from Durkheim's analysis of anomie, Drucker's study of the development

of Western society during the early decades of the twentieth century is largely informed by the conception of anomic breakdown. In particular, political centralization has accompanied the disintegrative "loss of function and status" as society has decomposed into "anarchic masses." (1)

While emphasizing the need to actively discover a new ethical conception of social life to sustain integration, Drucker echoes Durkheim's conception of the immanent quality of social cohesion, its basic source in the conditions of the division of labour. As against Durkheim's schema, however, Drucker's depiction of the historical aetiology of moral collapse is imprecise and idealistic. Whereas Durkheim's analysis is sustained by an essentially materialist model of the transition from mechanical to organic solidarity, Drucker draws particular attention to "cultural" and "ideational" factors. Totalitarianism, he suggests, is the result of the collapse of common values, beliefs and institutions. Its key features are the absence of a positive ideology, the denial of a need to justify power, and a lack of mass commitment. The "glorification of organization as an end in itself" is inseparable from the survival of inappropriate pre-industrial values and beliefs. (2)

Accordingly Drucker's primary concern is the perceived legitimacy of social and political institutions. He observes that German Fascism had some success in generating a sense of social equality in the lower classes. (3) His more general problematic, however, is the construction of legitimate power, or rule justified by the "basic ethos"

of society, on a wider historical level. Specifically, the alternative to a legitimate power based on the productive enterprise is a strengthening of central government control culminating in totalitarian rule.

"Unless the power in the corporation can be organized on an accepted principle of legitimacy, it will disappear. It will be taken over by a central government." (4)

Drucker's The End of Economic Man is essentially an analysis of Fascism in terms of anomie, or normlessness, resulting from the breakdown of the traditional social order. In The Future of Industrial Man this thesis is generalized into an analysis of "managerial society", corporation management constituting a new form of corporate property. Managerial rule, Drucker suggests, represents an emergent form of legitimate rule, but its legitimacy assumes a non-totalitarian basis of liberty. In the former work the precise nature of the new form of social order is left unexamined. Industrial Man, by contrast, clearly specifies the managerial strata as the executors of legitimate power, although Drucker differentiates his thesis from Burnham's more deterministic schema. (5)

In more recent studies Drucker has elaborated his analysis of management's role in promoting social and economic integration and coordination. Persistently emphasizing the discontinuities that distinguish contemporary Western societies(6), Drucker's principal concern is the need to effect a stable and functioning integrated regime within the corporate enterprise. With the growth of the division of labour it becomes crucial that cooperating

individuals are integrated into a productive pattern.

"It is this pattern that is actually productive, not the individual." (7) A productive system of this complexity requires an unprecedented degree of intellectual ability, and Drucker suggests that "knowledge workers" of the managerial strata have emerged as a new leadership group. (8)

Drucker's emphasis is on the perceived legitimacy of the corporate form rather than on the correspondence between organizational structure and egalitarian life-chances which pervades Durkheim's analysis of the division of labour. He suggests that the industrial corporation can function or even survive only when its members perceive it to be rational, or when "the members see the relationship between their own work and purpose and the purpose and pattern of their society." (9) Drucker, in other words, is primarily concerned to depict an ideal complex of inner-corporate relations, the legitimacy of which is accepted by members as binding. He schematically separates profitability, an "absolute requirement" of corporate enterprise, from the "political" question of the distribution of profits, suggesting that the latter issue is largely irrelevant for an understanding of the needs and behaviour of a business. (10) By in this way conceptualizing the specificity of vested interests in corporate profitability out of his model of business enterprise, Drucker obscures the major institutional challenge to its legitimacy, the competitive struggle between employees on the one hand and employers and shareholders on the other for their respective shares of the total product. At the same time the integration that he poses has an inherently manipulative character. Proposing integration

on the basis of the prevailing structure of inequality, both of rewards and life-chances, Drucker in fact endorses as legitimate a social and economic structure which systematically discriminates against the majority of members. Even if its perceived as legitimate by the under-privileged, the harmony of interests and commitment that Drucker proposes is pervaded by a value-endorsement of the status quo, a position irreconcilible with Durkheim's critical programme for social construction.

Mayo's well-known studies of workplace social relations and efficiency constitute an application of a similarly de-radicalized Durkheimian perspective to the problems of integration and commitment directly at the point of economic production. The details of Mayo's Hawthorn Studies are well-documented, and we will not repeat them. (11) His basic proposition, however, is that a lack of "community of interest" at the point of work tends to engender social discord and mal-integration.

Unlike Drucker, Mayo explicitly states his theoretical debt to Durkheim. Thus, although he suggests that Durkheim exaggerated the anomic tendencies of the late nineteenth century, underestimating the homeostatic mechanisms by which new social forms are established, Mayo acknowledges the importance of the theory of anomie, "if only as a definition of the problem." (12) Following Durkheim, Mayo observes that coercive political action alone is incapable of restoring moral solidarity to an "afflicted" social organism. (Ibid., 143-4). "Enlightened" company policy is,

Mayo suggests, equally ineffective. Without an understanding on the part of workers as to the nature of the work situation and their place within it integration is impossible. An understanding based on any purely economic logic is unable to effect integration, however. Rather Mayo suggests that any human collaboration depends on the evolution of a "nonlogical social code," which, while being socially-derived, structures individuals' actions in a way which is adequate to the situation. (13) "Civilised", as well as "established" societies, require a social surveillance of individual activities if a stable and functioning order is to be maintained.

While Mayo purports to derive his analysis of social discord from Durkheim's model, however, he conceptually separates his account and explanation of social relations, of which those at the workplace are one form, from the dictates imposed by the division of labour. For Durkheim by contrast, the wider network of social relations on the one hand and the degree of development of the division of labour on the other are umbilically bound together. Mayo writes :

"It is probable that the work a man does represents his most important function in the society; but unless there is some sort of integral social background to his life, he cannot even assign a value to his work." (14)

Despite his stated concern to be the relational complex of "person-work-company policy" (Ibid., 112), Mayo isolates the specifically social relations at the workplace in his wider perspective. Durkheim proposed that organic solidarity is the form of integration which corresponds to the "normal" developed division of labour. Social integration in developed societies, that is to say, in the last analysis derives from and is expressive of the degree of material development of society as registered in the division of labour. The functions of individuals within the division of labour in turn embody as social practices the organic pattern of integration, itself expressive of the division of labour. Mayo's "nonlogical social code", by contrast, is detached from the stage of material development of society. His model posits an "integral social background" which constitutes the normative and directing environment of individual social actors. As against Durkheim's model of the relationship between moral cohesion and the division of labour it is indeterminate and abstracted, however. While it helps the individual assess the value and significance of his work in relation to society as a whole, its source and basis within the total complex of work tasks that comprise the division of labour is unspecified.

Mayo's actual historical schema of "established" and "adaptive" societies is correspondingly vague and imprecise. Established society, broadly corresponding to pre-industrial society, is characterized by strong social ties, spontaneous co-operation and the voluntary subordination

of the individual's interests to those of the group. (15)
Disrupted by technological progress, established society suffers progressively greater disorganization and disintegration. Mayo proposes its successor to be adaptive society, in which equilibrium is maintained through the exercise of social skills which guarantee the "ability to secure co-operation between people." (Ibid., 33)

As with Drucker, Mayo's conception of integration in "adaptive society" is essentially manipulative, a redistributionist programme to adjust social and economic conditions to correspond with his proposed integration not being advocated. Mayo's historical schema, moreover, is theoretically unsatisfactory, both in terms of the blanket category of "established society" which implicitly embraces all forms of social organization prior to the industrial revolution and of "adaptive society", the specific historical basis of which is unclarified. Not complemented by a programme to remove the major sources of inequality and conflict in contemporary societies, Mayo's "adaptive society" would be manipulative and exploitative, more closely resembling Marcuse's characterization in One Dimensional Man than Durkheim's model of organic solidarity. Mayo writes :

"Political action in a given community presumes the desire and capacity of individuals to work together; the political function cannot operate in a community from which this capacity has disappeared." (16)

But the specific interests that would derive disproportionate benefit from such political action have no place in a consistently Durkheimian model of organic integration.

Fox and Flanders' analysis of the case for the reform and extension of the British collective bargaining system, the final example of the "systematic conservatism" perspective that we shall consider in detail, is perhaps the most rigorous and persuasive study within that genre. Following Mayo and Drucker, however, Fox and Flanders' analysis and proposals are based on a serious misreading of Durkheim. We will suggest that Fox and Flanders' proposals concerning state involvement in industrial relations are informed by a theoretical inconsistency which underlies their analysis of collective bargaining in general, and indicate a direction which offers a theoretical clarification more consistent with their premises.

Fox and Flanders begin by rejecting the overtly sectional view that collective bargaining should be reformed because the trade unions have too much power. Such explanations, they suggest, have neither a logical consistency nor a correspondence with the facts relevant to the situation. Instead they explicitly formulate the case for reform in terms of what they perceive to be a Durkheimian conception of anomie.

"For our present purposes we will argue that the social conditions which he (Durkheim - D.B.) characterized as a state of normlessness may be produced by an excessive proliferation of different normative systems which are unrelated and divergent." (17)

Social order, on this interpretation, rests upon a normative framework within which the aspirations of groups and individuals are shaped so as to ensure integration and proportionality. (Ibid., 158). Fox and Flanders' repeat Mayo's error of interpreting integration primarily in terms of social actors' perceptions of the legitimacy of the normative environment, however. They cite a short passage from Durkheim's Suicide which appears to locate the central problematic as the individual's capacity to judge "between the possible and the impossible, what is just and unjust, legitimate claims and hopes and those which are immoderate." (18) The historical schema elaborated in The Division of Labour is not incorporated into Fox and Flanders' analysis, however. Rather, as the passage quoted above indicates, their conception of anomie views it as a state of normlessness which may be the consequence of a number of causes, including prior fragmentation within the normative system itself. Durkheim's materialist historical perspective, despite its limitations (19), is replaced by a problematic of social-psychology which centres on the perceived legitimacy of the corporate structure. We will consider some of the main aspects and consequences of this

theoretical orientation.

Directly the consequence of their misreading of Durkheim, Fox and Flanders' depiction of anomie in post-war British industrial relations assumes the form of a descriptive account of interactional strategies directed against the normative system. Thus, when specifying the "sources" of disorder in this area they initially point to the attempts of organized groups to change substantive or procedural norms against the resistance of other groups. Disorder is exacerbated by an absence of perceived-as-legitimate regulation and the cumulative consequence is the progressive breakdown of the regulatory system in toto. (20)

This, Fox and Flanders contend, constitutes the aetiology of the anomic condition of collective bargaining in Britain. Their historical account of the uneven fragmentation of collective bargaining throughout the twentieth century assesses the process in terms of largely ad hoc determinants of and responses to declining societal integration per se. The mass unemployment of the 1930's, for example, is considered as a check to lower class social protest rather than an expression of specifically capitalist social and economic development at a particular stage of world growth. Correspondingly Fox and Flanders proposed reforms involve the reconstruction of industrial order quite apart and in isolation from the removal of the sources of differential normative evaluation within the structured system of material inequality and power. "The primary aim must therefore be to achieve as great a degree of normative agreement as possible." (Ibid., 180)

The specific rationality of the economic struggle over the proceeds of industry within the privately-owned enterprise is systematically excluded from Fox and Flanders' perspective.

Behind Fox and Flanders' concern with the purely normative aspect of social solidarity is their minimization of the structured power relations which underlie "anomic" fragmentation. They suggest that the erosion of legitimate collective bargaining in Britain has been a piece-meal process determined by the "accidents of power". (Ibid.,163-4). The continuity of inequality and privilege during the post-war period and in the longer term, however, suggests that power is a structural and systematic rather than empirically accidental phenomenon. (21)

The content as well as the overall characterization of Fox and Flanders' perceived power-based aspirant conflicts is, moreover, misconceived, in relation to both the actual structure of inequality in Britain and the Durkheimian perspective which the authors purport to adopt. For Durkheim conflict between classes was a characteristic expression of particular "abnormal" forms of the division of labour. Fox and Flanders, by contrast, locate the tension-generating inequalities in twentieth century Britain principally within the working class. They point to an unprecedented degree of "jostling for advantage" within sectors of the employee class, counterposing this insight to the conventional view of the working class as a homogenous entity. (22) Accordingly Fox and Flanders emphasize the growing bargaining inequality between different sectors of the labour force and the

conflict between craft rules and technological change in accounting for the stresses and strains in the period prior to the First World War. (Ibid., 169)

Built into Fox and Flanders analysis is a set of essentially functionalist and pluralist assumptions which divert attention away from the more basic divisions of social and economic interest. In particular, the relationship of capital and labour is effectively reduced to a secondary source of antagonism in conditions of full employment.

"...in a situation where all resources are fully employed, an advantage gained by a strong group may be at the absolute or relative expense of weak groups, who are more likely to be wage-earners than employers, managers and shareholders." (23)

While the pervasive sectionalism of the British labour movement has been an important aspect of British industrial relations system during the post-war period the central problem for British capitalism, as we shall contend in a later chapter, has concerned the relationship between the requirements of profitability on the one hand and the demands of employees as an, albeit organizationally fragmented, class on the other. (24) Fox and Flanders' attribution of primacy to inner-working class antagonisms in the fragmentation of the normative system confuses cause and effect. Sectional economism, the corollary of capitalist ownership relations in the context of a liberal state, is viewed as the dominant source of anomic collective bargaining, the whole process determined by

"the accident of power distribution" rather than the structural imperatives of capital within an environment of private ownership. The authors' effective shelving of the threat that private property poses to the perceived legitimacy of the regulatory system has direct consequences for their proposals concerning state policy to reconstruct social integration.

Fox and Flanders' programme for state reform of the collective bargaining system departs from Durkheim's analysis by emphasizing the initiatory as against the expressive and supervisory dimensions of the state's role. In the reformed system, they propose, the state would perform a leadership function, actively guiding and mediating between the activities of different firms and industries.(25) Superficially this conception of the role of the state resembles Durkheim's model of its function in maintaining organic solidarity in societies with a developed division of labour. Durkheim's model, however, incorporates and rests on a radical egalitarian conception of social structure in which the tasks of each member are appropriate to his innate abilities. Fox and Flanders, by contrast, assume a continuity of the present mode of stratification, reform being directed at the level of normative regulation and members' perception of it as legitimate. They write:

"Distasteful though the wages jungle may be for many of those who have to fight within it, no one participant is in a position to bring about a more ordered, rational situation, since the others will not accept his authority.....Nothing less than the forceful articulation

of common norms by an authoritative source can restore order." (26)

Fox and Flanders do not, however, attempt to explain the basis on which both common norms and the authority of the state would be constructed in the reformed system. Durkheim seeks to establish the scientific nature of his programme by structuring it in terms of the "normal" forms of social species within an evolutionary schema, thus resolving the distinction between factual and normative statements. (27) Implicitly, nevertheless, the perceived legitimacy of the system of normative regulation characteristic of organic solidarity is "justified", both historically and normatively, by the radical structure of life-chances on which it rests. The alternative, epitomized by the "forced" division of labour, is characterized by constraint and prevents "the free unfolding of the social force that each carries in himself." (28) With the "normal" form of the division of labour, however, the state's functions are essentially reflexive, expressing society's existent solidarity and reinforcing it in a supervisory rather than coercive manner. For Marx the state, defined in terms of its repressive function, "wither away" with the abolition of the antagonistic class relations on which it is based. For Durkheim it loses its coercive character as the structure of life-chances comes to correspond to the natural endowments of individual social members, as each performs a function that is "fitting to him."

Fox and Flanders, by contrast, view the reconstruction of the normative order as largely dependent upon "vigorous initiative and stimulus from a powerful external authority", that is, the state (29). While emphasizing the distinction between their programme and one based on an authoritarian state they do not adequately demonstrate the nature of this differentiation in terms of the material as against the normative foundations of state authority. The common norms that the state would enforce are, so to speak, suspended in isolation from the structure of social relations that would sustain and express them. Despite Fox and Flanders formal distinction, that is to say, it is in fact difficult to distinguish their programme for collective bargaining reform from more explicitly authoritarian solutions. Without the radical institutional reform proposed by Durkheim the pursuit of a commonly accepted normative system must be either illusory or assume a manipulative, if not overtly coercive, interest-specific form. Such a solution, corporatist in essence, is the unstated but logical corollary of Fox and Flanders' analysis and programme.

POLITICAL ECONOMY AND THE STRUCTURE OF
WORKPLACE RELATIONS.

Much recent and contemporary work in the area of industrial sociology shares the basic assumptions of the three examples of "systematic conservatism" that we have considered. Tréanton and Reynaud, discussing the development of industrial sociology between 1951-62, point out that

interest in the function of small work groups and their influence on productivity and workers "contentment", an emphasis on the importance of communication, and the endeavour to balance employees' motivation and the interests of the enterprise are still central and invariable components of the "human relations" approach to industrial relations.(30) The assumed legitimacy of existent power structures and the pragmatic concern to effect or engender a corresponding commitment from constituent members constitutes, in the last analysis, the rationale of the de-radicalized Durkheimian perspective as we have examined it.

A notable and pioneering exception to this tradition within industrial sociology is Baldamus' study of Efficiency and Effort. Baldamus' proposes that the organization of industry as presently constituted resolves on a single process: the administrative control of employees' effort by their employers. As against the harmony of interests assumed by most writers in this area Baldamus views the relationship between employer and employee as a structure of power which reflects unequally distributed advantages and disadvantages. The interests of these two groups are diametrically opposed in so far as they embody a structural conflict concerning the distribution of the product. (31) The actual distribution of earned income between management and wage earners is determined partly by the structure of occupational costs, but particularly by the administrative control of the efficiency of labour. Managerial control of labour effort acts both to stabilize and raise the level of effort per unit of wages (Ibid., 123-4). The pursuit of industrial efficiency and workplace integration,

that is to say, is inseparable from its context of control, deprivation being inherent in the "vertical" power relationship between employer and employee. Baldamus, in fact, approximates to a Marxist analysis of industrial relations. His study eschews the deductive assumption of an intrinsic unity of interests in the productive enterprise and is concerned instead with the actual expenditure and manipulation of labour effort.

"The reason for selecting the human factor in efficiency lies in the fact that it alone is relevant to social science. What we are proposing, then, is that the social problems of efficiency are ultimately problems of the control of human effort."(32)

Baldamus' concern with the normative environment of industrial relations points to its ideological role in concealing the unequal conditions of labour effort. The prevailing structure of industrial production, he observes, is reinforced by a normative ~~regulation of~~ the behaviour of individual members. Effort is surrendered to employers in the context of perceived "obligation", which is institutionalized within the occupational structure. Contemporary methods of effort intensification tend to increase the transparency of the relation between effort and earnings, however, and thus have a disruptive effect on workplace integration. (Ibid., 111-2). The conflict over the distribution of earned income involves, that is to say, the consciousness as well as the behaviour or effort expenditure of the participants. Changes in the

mode of control of labour effort is accompanied by changes in the thinking, organization and behaviour of enterprise members.

Baldamus pays particular attention to the effects of changes in the external social and economic environment on the pattern of conflict within the particular workplace (Ibid., 126-7). Externally determined developments such as parity disputes, unemployment and factory closures pose problems which cannot be solved at the plant level. Both in terms of the effects of the wider environment on the particular firm and of the significance of the workplace control of labour effort for a model of social structure the power relations within the enterprise reflect a conflict of societal scale. For as Baldamus observes :

"...the conditions that create wage
disparaiity-limited upward mobility
and institutionalized work obligations-
are part of the larger social system." (33)

One major strength of Baldamus' analysis is that it makes explicit the economic foundations of the social relations in the workplace. The relations between management and employee resolve into the control of the latter's labour effort by the former. The immediate context of this relation, further, is the production of earned income, the distribution of which constitutes the object of the structural conflict between the two groups. Baldamus' analysis incorporates a power-informed and exploitative political economy, since the worker's "sacrifices are greater than his gains". (Ibid., 114). Managerial

manipulation of workers' attitudes and sectional conflicts among groups of employees do not undermine the primacy of this basis structure of power.

The group of writers whose work we have termed "systematic conservatism" also assume, if often implicitly, a model of economic structure, that of marginal utility theory or neo-classical economics. A detailed analysis of marginal economics is beyond the scope of our thesis, but we feel that a necessarily summary consideration of some of its major features will help to clarify the socio-economic assumptions of the theorists with whose work we are directly concerned. We will use a recent study of industrial relations in Britain by N.S. Ross to demonstrate this relationship.

Ross's study assumes the familiar intrinsic harmony of interests among the various groups within the productive enterprise. The "conditions of equilibrium" that he identifies include as central elements the legitimacy of sectional interests within the firm and an internal balance of power". (34) The balance of forces is a perpetually shifting complex, however, and the active achievement of equilibrium, while inherent in the wider community of interests, is a crucial managerial function, the major objective of planning and managerial agencies being to change the values of individuals and groups within the enterprise (Ibid., 78). The firm is concerned primarily with the production and distribution of income. Conflicts of interest, particularly between producers and consumers which derive from this concern are seen as relative to the shared interest in maintaining stability within the production process, however. Stability in turn is dependent upon effective communication between the various constituent

interest groups, especially in so far as it relates to the synthesizing role of management.

"Managerial policy, in particular, is important in this respect since it represents what may be thought to be the central objectives of the firm." (35)

In the context of privately owned productive property, Ross's analysis thus assumes the legitimacy of social control and manipulation that is implied by the logic of the Mayo-Fox and Flanders programme. His proposals for the democratization of industrial management bear directly upon our contention that this programme assumes the model of the economic structure adopted by neo-classical economics. Ross writes :

"Because the claim for participation rests on the value of the resources contributed by the participants, this should be the basis of the scheme and the composition of the representative council might, therefore, be determined by the proportion of the firm's net output attributable respectively to the equity capital and labour employed. These proportions would be broadly equivalent to those of net profits, wages and salaries before taxation. (my emphasis - D.B.) (36)

The "thoroughly democratic" managerial structure that Ross recommends assumes first and foremost that the legitimacy of employee participation derives from the value of their contribution to the activities of the enterprise as a whole. Within the firm the pure investor

provides investment funds, the owner-manager both capital and labour services, and the employee labour services alone (Ibid., 27-8). Their representative power in the determination of managerial policy, Ross suggests, should correspond to their respective contribution to the firm's net output. The only index of the value of their contributions that Ross identifies is the ratio of profits to wages and salaries within total corporate income. The value of labour and capital's role in production, in other words, roughly corresponds to their prevailing distributed share of company income before taxation, the overall structure of which Ross sees as a legitimate basis for determining the composition of the representative council.

It may be noted that according to Glyn and Sutcliffe's calculations wage and salary earners' representatives would have outnumbered those of investors by more than 6 to 1 in 1970 in Britain if the scheme proposed by Ross had been operative. (37) Apart from his deductive assumption that effective and factual communication within the firm is a factor contributing to stability, Ross does not attempt to assess the likely effect on employee's perception of corporate structure of such an improbable institutional reform. His concern with employee interest articulation, rather, centres on the need to control and coordinate trade union activities. (Ibid., 45)

Our immediate concern, however, is the relationship between Ross' thesis and the theory of "marginal productivity". The central tenet of that theory, E.H. Chamberlin notes, is the assumption that each factor of production is paid according to its marginal productivity, or the change in

productivity brought about by employing one more unit of the factor in question at a given level of output. (38) As Machlup points out, however, there has been little unanimity as to precisely what is meant by the terms "factor" and "production" (39). Chamberlin distinguishes three major interpretations of the increments in productivity obtained through the application of additional units of a particular factor as referring to the physical product itself, its value and the resulting increase in company revenue. The latter interpretation is adopted in a recent study by D.F. Heathfield, which assesses the risk-taking dimension of entrepreneurial activity in terms of the relation between the marginal revenue product of each factor and its marginal cost. (40) Heathfield's orientation does not represent an orthodoxy, however, the exact object of marginal analysis still constituting an issue of controversy. (41)

Equally diverse have been the applications of marginal productivity theory. Oscar Lange has elaborated Schumpeter's analysis of the economic role of innovation in terms of a Marxist-tinged variant of marginal theory. Innovation, Lange proposes, constitutes a change in the production function, or the relation between the input of factors of production and the product output level, which allows a firm to maximize products in given market conditions. (42) J.M. Cassels, by contrast, has used marginal theory to clarify the economic law of diminishing returns. With constant production methods and equipment, he suggests, total physical output will vary in three sequential phases. In the first phase the application of

additional units of any variable factor to another fixed factor will produce an increase in physical output at a faster rate than that of the variable factor. The second and third phases will see an increase in total output, but at a slower rate than that of the variable factor, and finally an absolute decrease in the rate of total physical output, eventually tending toward zero. The model Cassels observes, has a symmetrical design, its form indicating the declining marginal productivity of any variable factor in an otherwise constant or fixed environment. (43)

Whatever the particular factor-object and application, however, marginal production theory embodies a distinctive conception of economic structure and process. In particular it provides the conceptual basis for a homogenous theory of distribution, all shares of the total product being seen as governed by an identical economic principle. J.M. Clark indicates the conservative evaluation that is at least implicit in marginal theories of distribution when he points out that they :

"furnish a substitute for all forms of exploitation doctrine, Marxian or other, in the theory that all factors of production are not not only productive but receive rewards based on their assignable contributions to the joint product." (44)

The "marginal revolution", consolidated during the 1870's by theorists including Walras, Jevons and Menger, had been preceded by elements in the works of earlier economists, most notably J.S. Mill. (45). Mill's analytical separation

of the spheres of production and distribution, the latter an obviously social and the former a natural or "physical" aspect of the economic process, anticipated the marginal theorists' concern with distribution as a structure of relations effectively autonomous from the expenditure, control, and appropriation of labour effort which produces the goods destined for distribution. This one-sided preoccupation with distribution is epitomized by Jevons's proposition that "the theory of Economics must begin with a correct theory of consumption." (46) The characteristic accompanying conception of the sphere of production is of a natural or a social process in which, as Rowthorn observes, "inputs of labour, land and means of production.....are mysteriously transformed into outputs of material and non-material goods." (47)

Against this background exploitation, a social relation, is logically excluded. Rather the various factors partake of the objects of distribution in accordance with their marginal productivity. Exploitation, when considered by the marginal theorists, is conceived in an idiosyncratic form. Chamberlin, for example, suggests that in a situation of monopolistic competition, where individual producers have a recognised or legitimate control over their own economic resources, "all factors are necessarily 'exploited'"(48) The rationale of this proposition is that in such a situation it is not possible for all factors to be paid the full value of their marginal products without exceeding the total amount available for distribution. For technical reasons the sum of incomes computed on the basis of marginal productivity is greater than the total product. (Ibid., 149-50) Exploitation is perceived as a phenomenon of marginal methodology rather than a structured relation among social and economic actors.

G. Therborn has pointed out that many leading proponents of marginal theory, including Alfred Marshall, have been outspoken critics of trade unionism and the working-class movement in general. (49) The more fundamental source of the ideological bias in marginal theory to which we wish to draw attention concerns its schematic division between the branches of production and distribution, however. As A. Bhaduri notes, the concept "production function" purports to depict the pure production aspect of an economy, determining the amount of output produced with given inputs of land, labour and capital. Risk-bearing or profit-maximizing behaviour leading to marginal calculations, on the other hand gives a "marginal productivity" theory of distribution. The exclusion of an analysis of the exercise and control of labour effort within the production process, however, both effectively denies the social nature of the economic process as a whole and obscures the theoretical untenability of the schematic separation of production and distribution in a general conceptual model. Goods circulated through distribution invariably derive from a production complex characterized by a systematic structure of social relations. "Capital", for example, refers not only to a physical component of the production process (included in the Marxian notion of "forces of production") but also to a social relation based on the right to purchase, control and profitably direct the labour effort of others.

Distribution of the resulting products is both logically and sociologically inseparable from its base in social production.

Separated from the structured social framework of production, the marginal theory of distribution rests on a purely technical model of "factor" components. The resulting proposition that the various factors receive rewards based on their respective contribution to a collective product incorporates the social dimension of production and distribution as a deductive and teleological component of the model as a whole. It is deductive in that the marginal theory assumes an a priori community of interest in the joint productive enterprise, and teleological in so far as social relations, introduced in the form of relations between persons and things, are located at the point where production, abstracted from its interpersonal context, affects individuals or factors through the distribution of rewards. The initial social nature, based on the control of labour effort, of the products thus distributed is systematically ignored.

The relation between marginal production theory and the work of the industrial sociologists whose perspective we have termed "systematic conservatism" is not simply one of conceptual similarity. Both posit an essential community of purpose in the productive enterprise, either on the basis of a selective reading of Durkheim's analysis of the division of labour or through a conceptual denial of the "social" as against the "factor"

relations of production. Both, moreover, construct a model which while formally neutral is effectively supportive of the existent power structure. The Mayo-Fox and Flanders thesis proposes a programme of moral reconstruction on the basis of prevailing institutional arrangements. The marginal theorists concern with differential social rewards relates to the branch of distribution, where factors are rewarded in proportion to their contribution to the joint product. The two models share a common endorsement of the present power structure, the basis of which is their common conception of integration and mutual contribution in the "social" or "factor" complex of production.

As we have suggested, however, their relation is not simply one of a similarity of conceptual structure. They have a more substantive mutual pertinence, deriving from the structure of relations within the workplace and the object of its activity rather than from a theoretical or ideational resemblance. We saw in the case of Ross's study that his analysis of industrial relations in Britain explicitly assumes, albeit as a hypothetical proposal, the marginal theory of distribution. The ratio of net profits to pre-tax wages and salaries is taken to roughly correspond to the respective contributions of these two factors to the company's net output. (51) Mayo's analysis, while ostensibly concerned with social relations at the workplace, incorporates the economic purpose and environment of those relations by using industrial efficiency as a broad measure of normative integration. (52) Fox and Flanders are more consistently

concerned with normative integration within an exclusively social sphere of relations. Nevertheless their suggestion that industry-wide guidelines for productivity bargaining and job evaluation techniques might comprise part of a normative system to regulate industrial relations reminds us that the location and object of these relations is a proximate component of the social production and distribution of goods.(53)

The point is that social relations within the productive enterprise are inseparable from its structurally determined objective : the pursuit of profits in the case of capitalism. That objective is effected through the production and sale of commodities within a framework dominated by the private ownership of the means of production. Accordingly a theory of social relations within the enterprise must assume, if only implicitly, some conception of the relations between economic actors and the material process that they mediate in production. Production is logically built into workplace social relations and a conception of socio-economic structure will be a, perhaps unacknowledged, component of any model of industrial relations.

The economic model assumed by the theorists considered in this section is that of marginal production theory. Marginal theory, of course, is not the only school of economic thought which positively appraises the existent structure of power and distribution. Nevertheless its tendency to deduce a community of interest from the empirical interaction of the various "factors" within the production process and its specific endorsement of the accompanying structure of distribution are the bases of its affinity with the Mayo-Fox

and Flanders thesis. Social thought, while always articulated in particular conditions, has a history and logic of its own. But notwithstanding the special qualities of human consciousness, Marx's proposition that the anatomy of civil society is to be sought in political economy has its counterpart within the structures and practices of social theory. The productive context of all social life necessitates that any conceptual model of social relations at least implies a corresponding notion of economy, understood in the widest sense of the relationship between man and nature. To unravel and clarify that often unstated connection is a central task of critical theory. This has been our purpose in the particular case of a number of sociologists who have adopted a de-radicalized Durkheimian perspective in their analysis of and programme for the anomic breakdown of industrial relations.

ABSTRACTED RADICALISM.

We take "abstracted radicalism" to refer to the perspective adopted by a number of writers which while more consistent with the radical Durkheimian critique of malintegrated developed society than the theories considered in the preceding section is, for particular reasons, unable to adequately encompass, either analytically or programmatically, the dominant structural features of contemporary capitalism. Our particular concern is the recent work of Alan Fox. When compared with his earlier study of British industrial relations co-written with A. Flanders, Fox's more recent writings are acutely sensitive to the structured inequality that is inseparable from capitalist society, and its implications for

social integration. The assumptions which guide his critical analysis of inequality prohibit, however, a complete account of the environment, as well as the sources of instability and potential change, of contemporary industrial relations. We will give special attention to Fox's two studies Beyond Contract : Work, Power and Trust Relations and Man Mismanagement. (54)

Fox observes that Western societies are increasingly becoming subject to strain as a result of aggressive power struggles between organised groups. Various attempts have been made to restrain the contending pressure-groups, but the institutional environment of contemporary workplace organisation systematically undermines moral cohesion, especially among lower level employees. The insignificant stake that this stratum has in the distribution of property, status and power engenders an instrumental attachment to work rather than intrinsic involvement and commitment. In this situation appeals to "the common good" are tantamount to calling for high-trust in a both actual and perceived "low-trust" situation. Moral adhesion could only be secured through a major long-term programme of institutional change involving a consistent attack on inequalities of wealth, income and privilege. With such institutional reform, Fox suggests, men would more readily curb their material aspirations, the structural source of socially divisive inter-group conflicts being removed. (55)

Fox's concern is still the pursuit of social integration, the promotion of "a sense of social obligation and responsibility towards our common life." (Ibid., 173). The realization of

this ethic of common purpose depends, however, upon the transformation of material and substantive as well as normative factors. In particular, the capital-labour relation represents the major division of interests in Western societies. Capital dominates both in terms of the issues of debate and of the articulation of particular aspirations. (Ibid., 145) Fox interprets this pattern in terms of Durkheim's model of social change, suggesting that Durkheim's conception of mechanical and organic solidarity correspond to low-and high-discretion patterns of workplace relations respectively. He cites Durkheim's observation that "there cannot be rich and poor at birth without there being unjust contracts" to indicate the spontaneous nature of the normal division of labour. (56)

Fox's thesis proposes that the division of labour imposed by the owners and controllers of economic resources has created large numbers of low-discretion work roles and relations. A profusion of low-discretion roles is, however, incompatible with the emergence of a high-trust situation based on shared ends or values. Rather, subordinates are prompted to power-directed practices such as strikes and overtime bans. Such manoeuvres, Fox observes, are "the continuations of bargaining by other means which mark pressure-group activity born of low-trust work relations". (Ibid., 316). Low-trust relations, reflecting a structure of inequality based on and comprising a differentiated system of life-chances, inherently militate against the consolidation of organic solidarity.

Consistently elaborated, Fox's thesis would constitute a non-sectional Durkheimian critique of the "forced" division

of labour. Such a critique would view the radical reforms necessary for the creation of a high-trust structure of relations as an essentially societal task, supervised by the state but involving the active and spontaneous practices of all sectors of the division of labour. When Fox does direct his proposals at a specific social audience, however, the strata he addresses are typically managerial. If social values rather than the requirements of profitability were given higher priority, he suggests, management would find the provision of a humane and fulfilling work situation a relatively easy task. More specifically Fox indicates the particular problems that low-trust social relations raise for effective managerial leadership in a dynamic technology-based economy.

"The accelerating pace of change in technology, methods and markets is thought to create a growing need for readier rank-and-file response to managerial leadership. The manager needs to ask himself whether this response is ever likely to be forthcoming from the lower ranks of an organisation which, like the society that contains it, is highly unequal along all the important dimensions of life and experience." (57)

Simply in terms of economic expediency, Fox adds, the structural inequalities in contemporary Britain constitute an impediment to stability in the widest sense.

While Fox has evidently abandoned the manipulative conception of workplace integration that his earlier study with Flanders implies, his effective appeal to managers rather than their subordinates in the context of institutional reform is not without significance. It is expressive of an unresolved ambivalence concerning the agency and means of radical social change. On the one hand Fox identifies material inequality, epitomized by the prevalence of low-discretion roles, as the barrier to moral integration in contemporary society. At the same time he is reluctant to acknowledge the unwillingness of the privileged, the persistency and tenacity of whose social and economic advantages figures prominently in his analysis, to voluntarily forego their class benefits. While its object mainly comprises of material and related factors, the form of the institutional transformation that Fox envisages is still essentially moral and value-oriented. Pluralist ideology, he observes, is unable to offset the structural inequalities which engender low-trust relations. He characterizes it as an "ignoble social myth" which obscures the realities of social power and thus serves the interests of the privileged. (§8) Only a radical change in social values and institutions could produce an environment conducive to lasting social integration.

In Beyond Contract Fox does not discuss in detail the specific "social reality" which might engender higher-trust relations and responses. The means of attaining such a hypothetical state, moreover, are depicted only at the most abstract and general level.

"....we might mitigate our
difficulties by pursuing a radical

reconstruction which seeks to rally major sections of society behind shared purposes of social justice." (59)

Fox observes that the threat to "community and fellowship" raised by the present complex of low-trust relations demands "a conscious mobilization" to develop a new, more equitable basis of social and economic structure. (Ibid., 360) Both the means of attaining this mobilization and the likely response of privileged members to a perceived radical reform are, however, unexamined. Fox's sketchy proposals for a radical transformation of social institutions and values are abstracted from the constraining environment of structured inequality and antagonism that, from a critical Durkheimian perspective, he systematically and rigorously examines. The possible obstacles to higher-trust solutions that he envisages are technical, deriving from the division of labour as a system of work specialization rather than a mechanism and medium of power. (Ibid., 358-9). He emphasizes, that is to say, what Marx termed "the division of labour in manufacture" based on the detailed division of work tasks among wage labourers, at the expense of "the division of labour in society" which derives from the exploitation-based system of commodity exchange.(60) In general Fox perceives his proposed reform to constitute a societal transformation. It entails an engendering of high-trust relations through the egalitarian reconstitution of the social structure by means of a moral or normative reorientation on the part of society as a whole. The effective appeal directed specifically at managerial strata in the concluding pages of Man Mismanagement indicates, however, an uneasy

tension between this societal and we suggest utopian orientation and the pervasive structure of inequality that it is intended to annul.

Fox's diffuse depiction of the attainment of a higher trust economy is inseparable from his discussion of the political economy of contemporary capitalism. In Beyond Contract he illustrates his model of the "contradictions" within capitalist societies with the example of Britain. The most general contradiction Fox identifies concerns the incompatibility between low-discretion and high-trust work relations which we have discussed earlier. His discussion of industrial relations and incomes policy in Britain centres on the relationship between inflation and instability. Having summarized the sequence of largely unsuccessful attempted incomes policies since the early 1950's, Fox suggests that a low-trust national solution is unlikely to be effective because the various constituent parties may, in a situation of uncertainty, be unable to fulfil their respective commitments. The ability of governments to maintain stable prices, for example, is limited, as is the power of trade union officials to control the level of wage demands at the shopfloor level.(61)

Pressure-group struggles, Fox points out, while concerned with real income are necessarily pursued through the medium of money. Inflation is accordingly characterised as "the supreme symbolic expression of low-trust society". (Ibid., 322) But having identified inflation as an expression of the low-trust relation between labour and capital Fox goes on to discuss it as if it were the crucial aspect of the antagonism between those two social groups. He asks :

"Given that Western industrial society cannot solve its endemic problem of inflation either by a totally high-trust or by a totally low-trust policy, what remains?" (62)

His answer is a comprehensive and radical change in the values and institutions of society as a whole. On the question of the specific significance of inflation for British capitalism Fox, however, has little to say. His analysis of the dynamics of low-trust inter-class relations is concerned with the forms of their expression. He notes the increasingly organized sector of women employees and characterizes the more extreme instances of workgroup self-assertion as examples of "instrumental collectivism". In addition Fox indicates the increasing loss of control of both management and the traditional working class parties over such solidaristic practices. (Ibid., 328-332)

While these expressions of an intrinsic low-trust situation are, at the most general level, related to the structural dominance of capital over labour, no attempt is made to account for their exacerbation during the 1960's and 1970's. We will contend in the following chapter that this period represented a watershed in the development of British capitalism. Against the background of a sustained decline in corporate profitability, real income accruing to wages and salaries declined as a proportion of total national income and even, during some years, in absolute terms. Employees' perception of this development, compounded by state-initiated attempts to enforce incomes policies, intensified the economic demands of an organized labour force already

already experienced in collective bargaining procedure. The particular low-trust inter-class relations of the last two decades, that is to say, have a complex of proximate determinants which can not be simply deduced from a more general model of power disparity. (63)

Fox, nevertheless, constructs a model purporting to account for the instability of contemporary British capitalism in isolation from its political economy. Beyond Contract, his most comprehensive work to date, confines analysis of the substantive relation between profits and wages to a footnote in which, without further comment, the conflicting theses of Phelps Brown and Glyn and Sutcliffe are counterposed. (64) The same study concludes with a series of impressions, derived from M. Kidron, relating to the international sources of stability in the Western world. High levels of armaments expenditure, domestic inflation, international economic dependence, urban-industrial concentration and the growth of nationalist movements comprise elements of what Fox terms "a complex of related factors". (Ibid., 361). But no model of the structure of international capitalism to unify these developments is proposed. Instead it is suggested that many of the wider instabilities derive, indirectly at least, from the institutions and orientations characteristic of low-trust relations. (Ibid., 361) Fox documents the growth of the low-trust dynamic in terms of both its "extensiveness" and intensiveness". Concerning the latter dimension he observes :

"A heightening tempo of aggressiveness in low trust exchanges can prompt either party or both to cut corners, resort

to sharp practice, default
on established rules and procedures,
or break down standard conventions." (65)

The substantive proximate determinants of intensified aggressive inter-class strategies are not, however, conceived as a complex of factors which is problematic in itself. Fox's analysis of the crisis of low-trust relations in contemporary capitalism is pervaded by a quality that we found in his diffuse conception of the dynamics of social reform : that of abstracted radicalism. An authentic critical impulse underlies his preference for "planning-by-consent" to "authoritarian attempts at planning-by-power." (Ibid, 359). Our analysis of developments in the political economy of post-war Britain will suggest, nevertheless, that the imperatives of capital accumulation leave little potential for industrial relations planning to be other than power-oriented in the present period. The critical edge of Fox's trust-analysis, in summary, is blunted by its limited theoretical concern, in particular by its ambivalent attitude toward the power relations of capitalism and the tenacity of the privileged.

COMPOSITE ECLECTISM.

Partly in order to clarify our critique of the Durkheimian and neo-Durkheimian analyses of industrial relations and politics, we will consider two studies which have effectively attempted to fuse elements drawn from the theories of both Marx and Durkheim. The rationale for attempting such a theoretical merger derives from the critical

orientation of both theorists in question, as well as from their common concern to specify the relationship between social structure and the breakdown in social continuity which accompanied the development of industrial capitalist society. But over and above these points of apparent similarity, Marx and Durkheim developed their analyses of contemporary society on the basis of quite different and irreconcilable conceptions of the social nature of man. Their radically opposed diagnoses for the reconstitution of ordered and non-antagonistic social forms reflect and derive their logic from these two ontological conceptions, the one denying, the other positing an inherent and essential dualism between the individual and society.

The two studies with which we are concerned deal with ostensibly different aspects of social life. Blauner's analysis examines the changing degree and forms of alienation with the development of industrial technology, while that of Moorhouse is concerned with the political incorporation of the British working class. (66) Nevertheless they both indicate the theoretical confusion that is inherent in the attempt to blend the two traditions of social thought represented by Marx and Durkheim. Our proposition is that a synthesis of the two perspectives of necessity obscures the crucial distinguishing features of both. We have already indicated the role and importance of the concepts alienation and anomie in the theories of Marx and Durkheim. Nevertheless we will summarize their respective positions in the present context, emphasizing the major points of divergence.

The irreconcilability of Marxian and Durkheimian sociology is particularly apparent in their respective interpretations of the division of labour, to which both attach central importance. Marx and Durkheim commonly assume that a relatively large and densely associated population is a material prerequisite of the growth of the division of labour. (67) But the wider significance they attribute to the division of labour establishes the primacy of the dissimilarity of their interpretations. For Marx the division of labour, historically bound up with and developing together with commodity production, underlies the phenomenon of alienation. Commodity production and circulation, governed by the law of value, is the scenario and medium of human self-estrangement, the context of fetishized and structured antagonistic social life. (68) Durkheim, by contrast, sees it to be the source of the solidarity appropriate for modern industrial society. Properly regulated it neither divides social strata nor degrades particular social actors. Rather, in its normal form the division of labour has an integrative function, expressing through the structure of society the innate capacities and potentialities of individual social members. (69)

Underlying these widely different interpretations of the division of labour are two opposing conceptions of the relationship between man and society. Marx ultimately denies a dualism between the two. In alienated conditions human products and relations both appear and in fact are endowed with a power external to and coercive over individual social producers. Nevertheless, the historical realization of

human species-being in freely associated communist society involves the resolution of the antagonism between man and nature and between man and man, as well as between individual and species. The "detail worker" of today is replaced by an individual with an all-round development. But for Durkheim society is inherently transcendent, different from and morally superior to individual social members. Marx views alienated man as imprisoned through his estrangement within exploitative and antagonistic social formations. For Durkheim anomic man is above all unregulated, unable to meaningfully channel or satisfy his unbridled desires.

Marx and Durkheim are concerned with two essentially different problems. The former is seeking to liberate man from an estranged and constraining mode of social existence, the latter to elaborate a means of regulating the bundle of potentially insatiable desires and needs that constitutes man. The opposition of their diagnoses is complemented by the opposition of their prescriptions to end the social malaise as they respectively identify it. While the critical programmes of both are articulated in terms of a radical and collectivistic conception of social man, their prescriptive content differs fundamentally. Marx proposes the abolition of class society and the realization of human freedom in autonomous, non-constrained activity. Durkheim, by contrast, advocates the re-establishment of moral integration through the agency of occupational communities, the modern bearers of moral discipline and social control.

Central to the distinction between the two perspectives is the different evaluation of constraint in social relations. For Durkheim anomie evidences inadequate or inappropriate constraint in societies with a developed division of labour. Marx on the other hand views commodity society, especially in its capitalist form, to exercise dehumanizing constraint on the activities and potentialities of social actors in two particular ways. In the first place, the division of society into classes negates the communality of social life that is at the heart of human species-being. But more fundamentally, the rule of the law of value dominates production relations and imposes a uniquely unplanned, anarchic form on social activity. Dictating the pursuit of profit as the dominant structural imperative of the "träger" of capitalist enterprise the law of value, inseparable from commodity production and exchange, epitomizes the historically engendered structure of social constraint which, Marx believed, can be overcome only by the revolutionary practices of the working class.

Despite the irreconcilability of the Marxian and Durkheimian schools of social and political thought, however, the two studies with which we are concerned embody an attempt to merge them into a single perspective with which to analyse aspects of the contemporary capitalist social structure. Blauner's concern is to identify and trace long term developments in the pattern of alienation in factory production. His thesis is that the historical sequence of craft, assembly-line, and automation-based production techniques entails a change in the intensity of alienation which could be charted on a graph in the form an an inverted "u". In the earliest stages of industrial growth, dominated by craft technology and

occupational structure, alienation is at its lowest. The workers' freedom is correspondingly at a relatively high level. With the rise of machine industry, on the other hand, the curve of alienation rises rapidly, reaching its zenith in assembly-line production. The worker becomes increasingly estranged in "the regimented milieu of the conveyor belt for the sole purpose of earning his bread". But with automated industry a countertrend develops. Continuous process technology increases the workers' control over his work tasks, while both the further division of labour and the trend toward larger scale production units are checked. The alienation curve consequently begins to decline, completing the pattern represented by the inverted "u". (70)

Blauner's analysis centres on the roots of alienation in the work process, rejecting Dubin's view that compensatory opportunities for self-expression and creativity can be found purely in the sphere of leisure activities. Work, he observes, still occupies the single most important position in most people's lives. (Ibid., 183-4) Accordingly Blauner acknowledges the seminal formulations concerning alienation in the theories of Marx, particularly in his early work. But his own analysis of alienation is heavily influenced by Durkheimian assumptions concerning the nature of social integration. The relative freedom of workers in the continuous-process based chemical industry, he observes, derives from automated technology and constant technical change. Blauner uses as an index of non-alienation in the chemical plant he studied the "remarkably high degree of morale and social cohesion." The responsibility for automated production, he concludes, confers a new source of "dignity and worth" on manual employment. (Ibid., 164-5)

Blauner's positive evaluation of this tendency, essentially constituting a shift toward greater workplace integration within the existent division of labour, has closer affinities with a Durkheimian than a Marxian perspective.

The influence of Durkheim's analysis of organic solidarity is also evident in the categories used by Blauner to examine the effects of alienation in different historical and technological settings. Assessing the differential degree of alienation in craft, assembly line and continuous-process industries Blauner distinguishes four major dimensions of alienation : those of powerlessness, meaningless, isolation and self-estrangement. But despite the apparent Marxist character of these categories Blauner's analysis is structured by the problematic of workplace integration as such, rather than the structure of power-oriented production relations and their consequences for workers' life experience. This is especially apparent in his discussion of continuous-process industry.

Blauner observes that "powerlessness" in industry is a variable phenomenon. The level of workers' control is at its lowest in assembly-line technology, epitomized by the automobile industry, Such conditions apply to a minority of blue collar workers, however. Blauner suggests :

"It is likely that most workers have jobs that permit them to set their own work pace, at least within limits." (71)

While this proposition seems improbable or at least exaggerated, it is significant in so far as it indicates Blauner's conception of power in the industrial setting. Power is viewed in terms of workers' immediate control over the details of work practices, rather than of the wider structure of ownership and domination that is bound up with the system of private property. "Enlightened personnel policies" and the relaxation of workplace tension associated with the "affluent society", rather than the private ownership of the means of production determine, in Blauner's account, the level of workers' "powerlessness". (Ibid., 171) Power, that is to say, is viewed as a relation between the worker and his work task, rather than between employer and employee.

"Self-estrangement" is similarly defined in terms of the problems of worker identification with the process of production. Continuous-process as against mass production is seen as liberating in this context. The former's "calm-and-crisis" sequence, Blauner suggests, alternates the workers' activity between monotony and total involvement. This "mode of time experience", he adds, offers relatively great opportunity for identification and personal development. (Ibid., 174) As with Blauner's account of powerlessness, self-estrangement is conceived in abstraction from the sale of labour power which characterizes capitalist production in all technological forms. In both cases a Marxian analysis of the structure of production relations is systematically avoided.

It is in Blauner's discussion of "meaninglessness" and "isolation" that the influence of the Durkheimian perspective becomes increasingly apparent, however. The alienation of meaningless, he suggests, involves the difficulty of finding "purpose and function" in manual work. This aspect of alienation is also minimized in the conditions of advanced technology.

"In continuous-process production there is little alienation of this type because each operator contributes a unique function in the processing of a standardized product." (72)

Meaninglessness in work is thus reduced through the technological rationalization of the division of labour and its perception as such by its component members. Blauner's account of the reduction of "isolation" with continuous-process industry is similarly reasoned. In the highly automated chemical industry he observes "a high degree of consensus between workers and management and an integrated industrial community in which employees experience a sense of belonging and membership". (Ibid., 178) Blauner attributes this pattern of integration to a number of technological and technology-based factors, including the presence of a differentiated occupational structure, the size and lay-out of the plant itself, and the relatively clean and responsible nature of blue-collar work tasks. Consistently with his discussion of the other three dimensions of alienation, isolation for Blauner is resolvable through the normal development of purely industrial structure and technique.

The existent division of labour, rationalized and lubricated by enlightened managerial policy, constitutes the basis on which integration can be effected quite apart from the possible divisive effects of private ownership. Blauner's analysis is clearly more consistent with Durkheim's analysis of the division of labour than that of Marx. But the similarity is in fact more apparent than real. As with the writers whom we earlier termed the theorists of "systematic conservatism", Blauner's study does not incorporate the radical meritocratic dimension of Durkheim's work. Rarely does he suggest that inequality of opportunity and the structure of power relations between social groups in themselves constitute a problematic for analysis.

When he does consider the profit-making orientation of private industry, Blauner's concern is primarily with its implications for workplace integration in the context of automated production. In his exposition, moreover, Blauner purports to augment or re-apply Marx's conception of the capital-labour relation while at the same time misinterpreting the most basic element of the latter's analysis. Blauner suggests that the relatively high labour costs of pre-automation industry encourage the practice of maximizing the output of each, relatively expensive, worker.

"The cost structure furthers the tendency to use the workers as 'means' as commodities in the classic Marxist sense." (73)

But Marx's theory of exploitation rests on the assumption that the worker is more than simply one commodity among others. Labour power is seen to produce more value than its costs of reproduction, the additional surplus value constituting the source of profits both for the capitalist's private consumption and for accumulation. In Marx's theory labour power is not merely a "means" of producing profit, but the only element in the production process able to create new value, the fuel and objective of the whole reproduction cycle. (74)

Blauner's conception of the political economy of capitalism is, by contrast, based on other assumptions than those of the labour theory of value. A capital-intensive cost structure, he suggests, means that increased efficiency, output and profits can more easily be attained through the "exploitation of technology" than that of the worker. Automation, that is to say, provides the material basis for the humanization of production relations within the context of private capitalist ownership.

"The economic base of automated technology allows a more enlightened management to view the workers as human beings, as partners in a collective enterprise." (75)

The implicit model of economy adopted by Blauner is, as with the "systematic conservatism" theorists, that of marginal productivity. The factors of production contribute variously to the aggregate process, no single factor occupying the

crucial role that labour-power plays in Marxist theory. Blauner's citation of Marx's theory of commodities is both erroneous and misleading. It neither accurately reflects Marx's actual analysis nor, even if it were to do so, relates consistently to the logic of Blauner's conception of economy.

The effective consequence of Blauner's inaccurate and mystifying use of Marx's political economy is a de-radicalization of the latter's analysis and programme. This is evident in Blauner's introductory discussion of the Marxian interpretation of alienation. Blauner elaborates an early version of the "epistemological break" thesis, viewing Marx's early and late work as primarily concerned with alienation and political economy respectively. On the basis of this distinction he attributes a subjectivist quality to the concept of alienation, suggesting that it is "concerned with the inner life and involves a moral critique of the mechanization and spiritual isolation of modern society". (Ibid., 2) While correctly acknowledging Marx's location of the source of alienation in the property relations of class society, Blauner's elaboration is informed by the same subjective orientation. On the one hand the worker is alienated through the structurally imposed sale of his labour power. But at the same time he is "not likely to identify psychologically" with the enterprise which is owned by the capitalist. Again, Blauner notes a third aspect of alienation in the employee's "sense of isolation" from the process and goals of organized production. (Ibid., 3). Whereas Marx consistently analyzed alienation as an objectively engendered form of estranged social life, it is transformed by Blauner into a primarily psychological condition. Social members' perception of their role in the

production process has primacy over the structural framework of estranged labour. The central problematic in the analysis of alienation is, from this perspective, the relations between workers and technology and the former's subjective evaluation of their life-chances and work experience.

Blauner accordingly writes the following concerning the relative freedom of workers in the automated chemical industry.

"Based on the responsibility required by the non-manual work of controlling an automatic technology; it reflects new conditions and job requirements which result from the needs of management rather than the consequences of the workers' superior power position." (76)

The conditions in automated industry which reduce alienation, conceived primarily in psychological terms, at the same time serve managerial needs within the productive enterprise. Marx's conception of alienation is in this way de-radicalized from two points of view, both the objective basis of alienation and the specific exploitative character of its capitalistic form being obscured. Despite the purported derivation of his analysis from Marx's work, Blauner incorporates into his model of alienation neo-Durkheimian assumptions similar to those of the Mayo-Fox and Flanders thesis. Workplace integration per se is associated with non-alienation in the context of continuous-process technology. (77) The critical edge of both Marx's and Durkheim's analyses is blunted in Blauner's

characterization of diminishing alienation, the positively evaluated social type of which corresponds closely to C.W. Mills' conception of the "cheerful robot". Such a model of non-alienated man is compatible with the analyses of neither Marx nor Durkheim, both of which are consistently structured in terms of a clear and distinctive model of man in society and informed by an authentic radical impulse.

Neither of those theorists would endorse Blauner's proposition that the division of manual labour, ranging from unskilled to highly skilled, within the automated plant

"is a socially integrating force, since it provides many high positions to which employees may aspire, and the successful workers most exemplify the values and standards of the company. When possibilities for greater rewards of higher pay and status exist, workers are motivated to perform well and internalize the goals of the enterprise." (78)

From a Marxian perspective differential reward and status within the working class is inseparable from the general effects of the division of labour, grounded in the socially-divisive complex of commodity production on the one hand, and the sectional economic struggle for wages and working conditions on the other. While a potential obstacle to revolutionary class consciousness, it is in no sense an unequivocally integrative factor. A consistent Durkheimian analysis, by

contrast, would view Blauner's automated plant as embodying a partial or incomplete form of organic solidarity. Perceiving the scope of workers' life-chances to reach to the most skilled manual strata and no further, Blauner's characterization of the low alienation plant falls far short of Durkheim's radical egalitarian programme. Divorced from their respective models of the relation between man and society, elements drawn from Marxian and Durkheimian theory become transformed into the theoretical constituents of a model which views the decline of alienation as an aspect of the natural trend of technological development. This historical trend is not viewed as fully realized. (Ibid., 183). Nevertheless it enables Blauner to conceive of a diminution of the alienating effects of modern industry without the radical institutional transformations envisaged by Marx and Durkheim.

While Blauner's study seeks to blend insights derived from Marx and Durkheim in an analysis of the effects of changing industrial structures on workplace integration, Moorhouse effects a similar theoretical fusion at the superstructural level of political articulation. The latter's concern is to account for the pattern of political incorporation of the British working class in the nineteenth and early twentieth centuries, at the same time critically assessing interpretations which stress the importance of normative factors. Working class compliance, he suggests, is most adequately explained with reference to the influence of objective structural constraints rather than the development of citizenship rights and the influence of subjective factors. Moorhouse points out that

the dominant trend of interpretation has consistently minimized both the historical nature of the extent and type of constraint exercised over the development of working class political orientations and the problem of the sources of political power. His account of changes in the franchise during the second half of the nineteenth century is informed by the Marxian perspective of class analysis. The shifting balance of interests represented in the House of Commons, for example, is viewed as a reflection of tensions within the ruling class as industrialization progressed. Again Moorhouse assumes a structural antagonism between the totality of ruling class interests on the one hand and those of the working class on the other.

"These tactical battles....always occurred with a full realization of the potential danger to all ruling class interests represented by a politically undisciplined and disaffected urban proletariat." (79)

In accounting for the maintenance of ruling class domination, nevertheless, Moorhouse is primarily concerned with the methods rather than the sources of the exercise of political power. Changes in electoral arrangements, he observes, "served as an added buttress to inequality". (Ibid., 137) But the maintenance of ruling class parliamentary hegemony is viewed as mainly conditioned by and dependent upon the tactical manoeuvres of bourgeois interest groups. Thus the effective limitation of the working class vote, despite the rhetorical proclamation of suffrage extension, and the Tory-Liberal engineering calculated to leave the urban working class

relatively underrepresented, are attributed with particular importance. (Ibid., 346-8). Other constraints on working class political activity noted by Moorhouse, including the direct corruption of voters, the prohibitive cost of electoral involvement, and the reformist orientation of Labour Party leaders, similarly emphasize the tactical means by which ruling class interests undermined the articulation of effective solidaristic working class political articulation. Moorhouse refers to factors such as the cost of electoral representation as economic sources of the maintenance of ruling class political power. But they constitute the tactical relations between the ruling and working classes at the specifically political level of interaction, rather than an analysis of the roots of the antagonism of interests that Moorhouse assumes.

It is not simply that Moorhouse does not explicitly elaborate the foundations, in property ownership, of the conflict between labour and capital that finds expression in the sphere of politics. His Marxian influenced conflict model of political activity is located within and explained in terms of Durkheim's historical analysis of the growth of the division of labour. Moral consensus could not arise in nineteenth century Britain because the political incorporation of the working class was forced rather than spontaneous, "external" control and constraint being necessitated by the entrenchment of inter-generational economic inequalities. (Ibid., 354-5). Moorhouse does not, however, attempt to elaborate the detailed connections between his adoption of Durkheim's model of "forced" integration on the one hand

and the implicit Marxian assumption of inherent class antagonism on the other. In fact the uneasy co-existence of the two perspectives is made explicit in his observation that the compartmentalization of the moral life of society "cannot be justified on theoretical grounds stemming from Durkheim (to say nothing of Marx)". (Ibid., 355). The sustained threat to ruling class economic interests posed by the political initiative of a "disaffected urban proletariat" rests on a quite different model of social structure to that assumed in Durkheim's conception of organic solidarity, however, and Moorhouse does not in our opinion convincingly indicate their compatibility.

CONCLUSION, IMAGE OF MAN AND SOCIOLOGICAL
ANALYSIS.

Blauner and Moorhouse's studies demonstrate, at the levels of workplace social relations and political articulation respectively, the theoretical confusion that derives from an attempt to merge the antithetical schools of social thought represented by Marx and Durkheim. Marx's concern with the social relations of production and that of Durkheim with organic solidarity, albeit informed by a substantially materialist historical perspective, are inseparable from two distinct conceptions of the nature of social structure and in particular the division of labour. Whereas Durkheim sees the division of labour to constitute the relational basis of a specific form of social integration, for Marx it is bound up with the historical stage of alienated production. Dehumanizing the worker, it epitomizes the structure of class-divided commodity societies, objectively hindering the development of free, communal social existence

that constitutes man's historical potentiality.

We have earlier indicated our opinion that the Marxian image of social man more adequately expresses the actual conditions of contemporary social structure than that of Durkheim. Our immediate concern, however, has been to suggest that the ontological assumptions that structure both are so antithetical as to logically invalidate an orientation seeking to eclectically merge them. Marx's conception of alienation and Durkheim's analysis of anomie are, in summary, intrinsically unamenable to an authentic theoretical fusion. Implying respectively the need for freedom from constraint and the appropriate restraint of human desires and aspirations, any attempt, explicit or implicit, to blend them will tend toward either a de-radicalized conception of social man (Blauner) or theoretical imprecision (Moorhouse). Our own analysis of the state in post-war Britain, the concern of the following chapter, assumes a Marxian conception of social structure and process and is elaborated accordingly.

R E F E R E N C E S.

1. P.F. Drucker (1943), 189
2. P.F. Drucker (1940), 10-20; (1943), 5-18
3. P.F. Drucker (1940), 132
4. P.F. Drucker (1943), 88
5. P.F. Drucker (1943), 86-7
6. See, for example, P.F. Drucker (1969), vii - ix
7. P.F. Drucker (1951), 4
8. P.F. Drucker (1964), 212
9. P.F. Drucker (1951), 8
10. P.F. Drucker (1970), 134-5
11. E. Mayo (1945), (1960). See also J.A.C. Brown (1964), 69-96
12. E. Mayo (1960), 136
13. Ibid., 116 and 157-8
14. Ibid., 131
15. E. Mayo (1945), 33
16. E. Mayo (1960), 160
17. A. Fox and F. Flanders (1969)
18. E. Durkheim (1952), 253
19. See earlier section "Durkheim, Social Organisation and the State."
20. A. Fox and F. Flanders (1969), 161-3
21. See, for example, R. Miliband (1973b). A.B. Atkinson (1972) and (1975)
22. A. Fox and F. Flanders (1969), 165
23. Ibid., 165
24. See Chapter 4, "Political Economy and the British State."
25. A. Fox and F. Flanders (1969), 177-8. See also A. Flanders (1965)
26. Ibid., 179
27. E. Durkheim (1962a), 57-8
28. E. Durkheim (1964a), 377
29. A. Fox and F. Flanders (1969), 179-80
30. J.R. Tréanton and J.D. Reynaud (1963-4), 123-4

31. W. Baldamus (1961), 114
32. Ibid., 5
33. Ibid., 114
34. N.S. Ross (1969), 38
35. Ibid., 25
36. Ibid., 92
37. A. Glyn and B. Sutcliffe (1972), 58 and 264-5
38. E.H. Chamberlin (1950), 144
39. F. Machlup (1950), 158
40. D.F. Heathfield (1971)
41. Some of the major positions adopted are discussed in more detail in F. Machlup (1950)
42. O. Lange (1950), 181-5.
43. J.M. Cassels (1950), 106-8
44. J.M. Clark (1950), 65. Marginal productivity theory has been the object of criticism from a number of sources, especially since the 1950's. Prominent among its critics have been members of the "Cambridge School" of economics, Joan Robinson and John Eatwell. In addition, some erstwhile proponents of marginal theory have more recently expressed objections to its assumptions, particularly those relating to the theory of distribution. D.G. Champernowne, critically commenting on his own theoretical study of income distribution originally published in 1936, points to its "crudest marginalist" perspective. In assessing the relative values of different "qualifications for obtaining income," Champernowne suggests, normative and power-based factors are of greater relevance than marginal productivity and the pure functioning of the market-price-mechanism. In particular the emphasis should be on the sphere of specifically "earned" income. (D.G. Champernowne, 1973, 188-9). Our concern is not primarily with the place of marginal theory within the history of economic ideas, however, but with the logic, assumptions and implications of the model, especially in so far as it relates to a theory of power and stratification.

45. For a discussion of the birth and early history of marginal theory, see R.L. Meek (1956), 243 - 56)
46. Quoted in *ibid.*, 248
47. B. Rowthorn (1974), 64
48. E.H. Chamberlin (1950), 150
49. G. Therborn (1974). 134-5
50. A. Bhaduri (1969), 534
51. N.S. Ross (1969), 92
52. E. Mayo (1960), 112-4
53. A. Fox and F. Flanders (1969), 176-7
54. A. Fox (1974a) and (1974b) respectively.
55. A. Fox (1974b), 166 - 173
56. A. Fox (1974a), 230-3
57. A. Fox (1974b), 176
58. A. Fox (1973), 231
59. A. Fox (1974a), 358
60. K. Marx (1972b), 370-80
61. A. Fox (1974a), 325
62. *Ibid.*, 326
63. See "Political Economy and the British State."
64. A. Fox (1974a), 321
65. *Ibid.*, 332
66. R. Blauner (1964) and H.F. Moorhouse (1973) respectively.
67. K. Marx (1972b), 372. E. Durkheim (1964a), 257.
68. K. Marx (1972b) 43-58, 369-80 (1973d), 106-119 and (1973b) 831-3.
69. E. Durkheim (1964a), 380-1.
70. R. Blauner (1964), 182-3

71. Ibid., 171
72. Ibid., 173
73. Ibid., 180
74. K. Marx (1972b)
75. R. Blauner (1964), 180
76. Ibid., 165
77. Blauner explicitly draws on Durkheim's conception of anomie in his discussion of "social alienation". While a de-radicalized Durkheimian perspective structures much of his analysis, however, his acknowledgement of Durkheim's influence is relatively restrained. (See Ibid., 24-6)
78. Ibid., 178.
79. H.F. Moorhouse (1973), 346.

BRITAIN, STATE AND WORLD ECONOMY.

INTRODUCTION INTERNATIONAL CAPITALISM AND THE SECULAR
DECLINE OF BRITAIN

Our attempt to provide an account and explanation of the relationship between the state and the class system in post-war Britain will locate its immediate subject matter in the content of Britain's decline as a dominant power within the world imperialist system. Men, Marx observed, make history but not in conditions of their own choosing. The same, with qualifications, holds ^{true} time for states. Our analogy rests on the constraints imposed on nation states, in particular on the non-dominant ones, in the context of a competitive global scenario. Voluntarism at this level of analysis would be as misplaced as at that of the individual social actor. The constraints exercised on national autonomy are above all concrete and specific, and with this in mind we will initially sketch the outlines of the historical decline of British capitalism.

Individual national capitalist societies require a special institution, the state, which, standing above the immediate interests and practices of particular capitalist enterprises, functions to preserve and defend the interests of the capitalist class as a whole. The state in this way represents an attempt by capital at the national level to moderate and, ideally, to control the anarchic tendencies of the capitalist mode of production. (1) In an analogous way, the world capitalist system requires a dominant, hegemonic power to guarantee the fulfillment of certain functions relating to imperialist and inter-imperialist relations. If not fulfilled, these functions will allow the articulation of destabilizing tendencies, deriving from the same essentially unplanned character of capitalist production, precisely at the global level where capitalism manifests its universal character. (2)

The chief functions that the dominant national capitalist power will attempt to fulfill are, briefly, as follows: the guarantee of at least a minimal degree of "law and order" between competing and potentially antagonistic rival capitalist nations: The establishment and enforcement of a body of institutional practices to aid the movement of capital and goods

between countries, a function determined by the international division of labour that capitalism produces in general, and of the international relations of imperialism in particular: directly an aspect of the imperialist character of global capitalist expansionism, the domination of primary producers and less developed countries in order to guarantee supplies of cheap raw materials and to prevent, or more usually, to control industrialization in these areas so as to retain dominance over world markets for the major centres of accumulation: closely related is the capacity and preparedness to intervene directly or indirectly (direct military intervention being the ultimate sanction "of last resort") in these countries in order to suppress anti-imperialist movements, whether of a popular nationalist or of an openly communistic character.

Prior to the First World War Britain performed this role as the dominant capitalist power at the international level. Under British economic and military hegemony, increasingly expansive areas of the world were brought within and subordinated to the system of imperialism, their resources being incorporated into the process of capitalist production (3). Britain predominantly financed the extraction and export of raw materials from the peripheral areas, establishing and exercising its political dominance in the process. The preparations having been laid in the political revolution of the seventeenth century and the industrial revolution of the eighteenth century and later, Britain consolidated her position as the dominant capitalist power. By the middle of the nineteenth century, according to one estimate, Britain was producing around $\frac{2}{3}$ of the world's coal, $\frac{1}{2}$ of its iron, $\frac{5}{7}$ of its steel, and $\frac{1}{2}$ of its commercially-produced cotton cloth, a prominence indicative of her hegemonic position. (4) The late nineteenth century saw the demise of unchallenged British global hegemony, a process largely consolidated in the redivision of world markets resulting from, and the changing international power relations which underlay, the 1914-1918 war. Contradictory developments had been taking place during the period of British dominance. Trotsky observes

that:

"During the period 1850 to 1880 Britain became the industrial school of Europe and America. But by this very fact her own monopolistic position was undermined." (5)

While Britain was pioneering the process whereby overseas territories were transformed into raw material sources and markets for the capitalist heartlands, other countries, often partly financed by British money, began to develop along capitalist lines and to challenge Britain's position as world leader. We see the following pattern emerging for the shares of world output of various countries of manufactured goods (measured in percentages).

YEAR(S)	U.K.	U.S.A.	GERMANY.	FRANCE.	U.S.S.R.	JAPAN
1870	32	25	13	10	4	-
1881/5	27	29	14	9	3	-
1896/1900	20	30	17	7	5	1
1906/1910	15	35	16	6	5	1
1913	14	46	16	6	6	1
1926/1929	9	42	12	7	4	3

(6)

Germany and the United States were Britain's chief emergent rivals during and after the last quarter of the nineteenth century. This international competition for annexation and a stake in the imperialist world market, previously dominated by Britain, was a major contributing factor in the towards the First World War, a war which, as the figures for 1913 and 1926/9 respectively indicate, constituted a watershed in the development of British capitalism. The war and its aftermath saw Britain's share of the total world output decline dramatically to less than a third of that half a century earlier.

Britain's decline over this period was not only a decline relative to the rise of imperialist rivalry. Even cotton, a particularly dynamic sector of the national economy, ceased to expand significantly in the general decline

of the last quarter of the nineteenth century. That the absolute expansion of the economy as a whole faltered and then slowed dramatically from the middle of that century onward is clear from the following figures for the rate of growth of Britain's industrial production.

RATE OF GROWTH OF INDUSTRIAL PRODUCTION (PERCENTAGE INCREASE PER DECADE)			
1800's to 1810's	22-9	1850's to 1860's	27-8
1810's to 1820's	38-6	1860's to 1870's	33-2
1820's to 1830's	47-2	1870's to 1880's	20-8
1830's to 1840's	37-4	1880's to 1890's	17-4
1840's to 1850's	39-3	1890's to 1900's	17-9

(7)

The almost uninterrupted fall in the rate of growth of industrial production from the 1840's to 1900 is expressive of the particular pattern of historical development whereby Britain established herself as the dominant imperialist power, a process dating back to the earliest days of British capitalism. The pursuit of profits, relative to that of Britain's rivals, has been predominantly overseas - orientated. By 1870's, annual British overseas investment exceeded net capital formation at home, and by 1911-1913 overseas investment was probably double that in Britain. (8) This pattern has been maintained long after Britain's decline as the dominant world power. In 1968 Britain still invested over twice as much abroad as West Germany, and four times as much as Japan. (9) Much of the resumed outward flow of capital after 1945 went into the Sterling Area, by and large corresponding to the Empire of earlier British imperialism.

Coupled with and additional to Britain's export-oriented pattern of economic investment is the substantial parasitic sector of total national economic activity. In the period from 1796 to 1973 there were only nine years in which the balance of trade (the relation of visible exports to visible imports) was in Britain's favour. In invisible trade, on the other hand, Britain is the greatest "exporter" per head of population in the world. (10) This tendency,

moreover, has continued up to the present day. Invisible trade is that which does not involve a direct transfer of goods. Included in this category are the sale of services to foreigners when they use British shipping, insurance, banking and commercial facilities. Britain's traditional reliance on invisible earnings to offset an otherwise adverse balance of trade has led one commentator to classify Britain as "a commercial nation" rather than one which is internationally uncompetitive in the industrial sphere. (11) Against a background of increasingly threatening foreign competition, however, Britain's twin commitments to overseas investments and, in the main, "unproductive" invisible dealings has had a clearly deleterious effect on the level of domestic investment. A fall in real wages at the turn of the twentieth century, moreover, was largely responsible for a wave of labour militancy which in turn contributed to the slow growth of productivity. (12) The demands of war expenditure compounded the decline in the rate of growth of productive expenditure, further weakening Britain's international competitive position. This was particularly so in relation to the United States.

American ascendancy to the status of the dominant world capitalist power was not a sudden or overnight process, however. During the inter-war period, Britain, France, the United States, Japan and Germany were all major powers, but none were unquestionably dominant in the way that Britain had been in the earlier period. Stability, even in the medium term, could not be guaranteed in such conditions, and capitalism suffered ^{at} profound and international Depression between 1929 and 1933. (13) Recovery in the 1930's, within the still unresolved crisis of imperialist leadership, took place on a primarily national basis, German and Italian capitalism resuming the process of accumulation under the extreme conditions of fascist dictatorship. But acute trade and capital movement restrictions still hindered prosperous capitalist development on a world-wide basis. In particular, Britain's traditional industries and their markets suffered a competitive decline during the inter-war period. The technologically new mass-production industries,

at the same time, entered into a lengthy period of expansion, but did not produce sectors which were effectively competitive at an international level.(14)

Historically, we may summarize the source of British capitalism's domestic weakness in terms of the following factors. A comparatively pronounced overseas orientation was gained at the expense of development of the British domestic productive infrastructure. Precisely because of this progressively weakening home-base, British capitalism had neither the economic nor the political capacity to defend its initially unchallenged markets from encroachment by emergent rivals. After the Second World War the United States confirmed these tendencies through its usurpation of open hegemony within the capitalist world. In this weakened position, the rates of investment, of growth of productivity and of profits have all deteriorated in the post-war period. Britain's decline within the international capitalist community is a continuation of the tendency noted by Trotsky half a century ago.

"We must consider the internal life of Britain from the perspective of the World role of Great Britain, which country, while still retaining the whole of her possessions, apparatus and the traditions of world domination, is in actuality being more and more thrust into the position of a second-rate Power."(15)

Writing in 1916, Lenin observed that "the colonial policy of the capitalist countries has completed the seizure of the unoccupied territories of our planet."(16)

On the basis of this development, shifts in the international pattern of capitalist control and influence could only take the form of repartition, either directly, through overt political annexation, or indirectly, through non-annexationist economic and political expansion. Our particular concern will be the post-war consolidation of American global dominance, and its consequences for a declining British capitalism. We will examine the present crisis in the content of Britain's status as an especially "weak link" in the

imperialist chain within the international capitalist system. In particular, the role of the state in and its response to this crisis will be considered.

INTRODUCTION. INTERNATIONAL CAPITALISM AND THE SECULAR DECLINE OF BRITAIN. REFERENCES
INTRODUCTION. INTERNATIONAL CAPITALISM AND THE SECULAR DECLINE OF BRITAIN. REFERENCES

1. An anthropological theory of the state, stressing its source in the coexistence of antagonistic social strata and its class particularity, is developed by L. Krader (1968), 28.
2. Marx notes that commodities, whether they are the output of production based on slavery, of peasants, of "communes," of state enterprise or of private capitalism, "behave" in essentially the same way.

"The character of the process of production from which they originate is immaterial. They function as commodities in the market, and as commodities they enter into the circulation of the surplus -value incorporated in it." (K. Marx, 1967b, 113)

It is specifically at the level of the world market that the production of commodities and capitalism in particular realize and demonstrate their global and, from the historical viewpoint, revolutionary nature. There capitalism engenders the "universal inter-dependence of nations..... creates a world after its own image." (K. Marx, 1967a, 84). See also H. Radice and S. Picciotto (1971) and N. Bukharin (1972)

3. R. Halévy (1939), 30-46. L. Trotsky (1970), chapter 1.
4. E.J. Hobsbawm (1972), 134.
5. L. Trotsky (1970), 2. See also B. Supple (1971), 18-19.
6. A. Glyn and B. Sutcliffe (1972), 17.
7. E. J. Hobsbawm (1972), 68.
8. Ibid. 192.
9. B. Rowthorn (1971a), 42. See also E.J. Hobsbawm (1972), 258-9
10. W.A.P. Manser (1973), 23. P. Donaldson (1971), 62.
11. W. M. Clarke (1967), 173. This is in fact a central aspect of the developments to which Lenin was referring when he analyzed the parasitic character of imperialism. Lenin envisaged:

"a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they support great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal services under the control of a new financial aristocracy."

(V.I. Lenin, 1970b, 124.)

12. A. Glyn and B. Sutcliffe (1972), 18.
13. Even in the dynamics of the Depression, however, the ascendant hegemony of American capitalism found expression in the collapse of the

international credit structure built up during the 1920's. European stabilization had been dependent on the assumption of ever growing debt obligations, principally to the United States. From 1928 onward the shift from foreign bonds to domestic stocks on the part of American investors seriously reduced the supply of overseas loans, compelling the European countries, and Germany in particular, to borrow more and more in the short-term market. The resulting series of bank collapses, developing into an international chain of credit default, centred on American finance, of which Gallraith has noted that "the banking structure was inherently weak". (J. K. Gallraith, 1961, 196). Failures were far from exceptional, some 25,000 independent banks operating in the small-scale and largely unregulated American system in 1929. The centrality of American finance in the development of the Great Depression was indicative of the primary global role that America was already coming to occupy in the world economy.

Trotsky, in 1921, identified the "fundamental fact" of the contemporary world division of labour to be that "the centre of gravity of capitalist economy and bourgeois power has shifted from Europe to America... Prior to the war Europe was the heart of the capitalist world, it was the globe's chief market place, its main factory and its main bank.... Today this is no longer the case. Europe has been hurled back." (L. Trotsky, 1973, 254). This changing balance of power within the capitalist world occurred within the context of a long-term trend of economic stagnation. Maddison reports that for Western Europe as a whole 20 of the 37 years 1913 to 1950 recorded an output which was below some previous peak. (A. Maddison, 1975, 9) American global hegemony was consolidated during the recovery programme, in relation to both the wartime devastation and the earlier economic stagnation, which followed the Second World War.

- 14. E.J. Hobsbawm. (1972), 250-1. It should be remembered, however, that the effects of the recession were not as pronounced as in a number of other Western European countries, France and Germany in particular. Britain's initial level of economic activity, especially in the area of investment, was already low, the proportion of G.N.P. invested in 1929 being about half of that in the United States. (A. Maddison, 1973, 25). In addition Britain was able to activate the defences of Empire trading, and the early devaluation of 1931 offered some degree of competitive advantage.
- 15. L. Trotsky (1970), 8.
- 16. V.I. Lenin (1970b), 90.

POLITICAL ECONOMY AND THE BACKGROUND TO THE POST-WAR EXPANSION

The expansion of the capitalist economy as a whole rests upon the ability of productive enterprise to extract surplus value from the working class and to realize it in the process that Marx termed "extended reproduction". Unless surplus value can be realized in or near its entirety, the rate of expansion will slacken and at a certain point capital's self-expansion will become problematic, absolute contraction or "contracted reproduction" being the most acute form.(1) More or less protracted periods of problematic expansion have been a recurrent feature of capitalist development. Against such periodic discontinuities, accumulation constitutes an "adequate" level of reconversion of extracted surplus value into the elements of the productive process, on an 'extended' scale in the case of "normal" capitalist expansion.(2)

While abstractly posing the course of capitalist development in this way, Marx was centrally concerned to examine the 'contradictions' which arise in the process of extended reproduction. The obstacles to the stable expansion of the system are consistently identified in terms of capital's capacity for profitable activity. Capitalism, that is to say,

"comes to a standstill at a point .
 fixed by the production and realization
 of profit, and not the satisfaction of
 requirements." (3)

Three particular problems are likely to emerge in this process. In the first place, accumulation may lead to a diminution of the reserve army of labour, or the unemployed, leading to a rise in the value of labour, power through the strengthening of worker's bargaining position, and hence to a reduction in the rate of profit, the regulator of the accumulation process.(4) In addition, the distinction between constant and variable capital and the associated tendency for the organic composition of capital to rise over time tend to exercise a depressive influence on the rate of profit and, in the absence of sufficiently powerful "counterveiling" factors, pose acute problems

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for the cycle of extended reproduction.(5) Finally, because capitalist accumulation is, from the viewpoint of total social capital, essentially unplanned and based essentially on the decisions of individual competing capitalist units within limits imposed by the prevailing rate of profit, development and growth in the capitalist economy tend to be uneven and disproportionate.(6)

Marx's analysis, however, even in Volume Three of Capital (in its general form of construction Capital, as an albeit uncompleted total work moves from a higher to a lower level of abstraction throughout the three volumes) remains a highly abstract model of the functioning of the capitalist system. For the analysis of concrete capitalist development, a distinction must be made between the simplified conceptual models constructed by Marx, such as the reproduction schema of Volume Two of Capital, and the actual operations of the capitalist economy.(7) That Marx's schema and "laws" were derived from a systematic analysis of commodity production, an analysis grounded in a study of the social relations of production which characterize commodity-producing societies, is not being questioned here. The point we are making is that if Marx's model is left at the level of abstraction at which, in the context of the pioneering nature of his political economy, he necessarily constructed it, the resulting conceptualization more closely resembles a philosophical analytic, concerned with the relations between abstract logical categories, than the theoretical specificity of analysis that is embodied in, for example, the attempts by Lenin and Luxemburg to explain the nature of imperialism. This determinate, historical point of reference is a crucial feature of Marxist theory and is vital to it. Marx, in his first detailed work informed by the perspective of historical materialism, accordingly observes

"The premises from which we begin are not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination.

They are the real individuals, their activity and the material conditions under which they live- - - - These premises can thus be verified in a purely empirical way." (8)

The concern of Marxism, in so far as that concern may be legitimately abstracted from the programmatic epistemology embodied, most succinctly, in the Theses on Feuerbach (9) is to interpret the world in all its concrete conditions, patterns and variety. Any attempt to reduce it to a system of purely logical relations is quite alien to this method of social analysis. (10)

The history of capitalism as a world system may be depicted schematically in terms of a number of long period trends, three of which are particularly relevant for our immediate purposes. To some extent, this classification recovers certain sections of our preceding analysis. We will summarize the chief movements in the political economy of recent capitalism as a background to the specific post-war restoration, both globally and in Britain, and the question of the role of the state within it.

Our first period spans from the last quarter of the nineteenth century to the outbreak of the First World War. During the late nineteenth century Britain's undisputed global supremacy came to an end and a new phase of international competition began. This period was characterized first and foremost by the geographical expansion of capitalism and, in particular, the export of capital. This phase of expansionism posed the need for new outlets for commodities, the "realization" moment of the total cycle of extended reproduction, in order to maintain the dynamic of accumulation. The early twentieth century, however, was in general favourable to expanded reproduction, for the major capitalist countries provided markets for each other's products at the same time as they competed more intensively for positions of influence in the other areas. The steady flow of overseas investment both kept up the rate of profit in the advanced countries and opened up new markets for industrial products. The especially rapid rise in the rate of overseas investment in the years immediately prior to the 1914-1918 war is apparent in the following table.

YEAR.	BRITISH GROSS DOMESTIC FIXED CAPITAL FORMATION %	NET FOREIGN INVESTMENT %
1880- 9	6.1	4.9
1890- 9	6.9	3.2
1900- 9	7.8	3.9
1905-14	6.0	6.9

While British domestic fixed capital formation faltered during the fifteen years before the outbreak of war, the rate of foreign investment increased by well over 50 per cent. These developments took place within a favourable framework of stable currencies, the international gold standard, and multilateral trade, a framework within which the great states of Europe dominated the world market, despite the emergent strength of the United States. More than confidence was sustained by relative political stability and a series of important new gold discoveries. (12) Monopoly trends became increasingly marked during this period. A Hunter, in a detailed empirical analysis, identifies a decisive merger wave in the U.S.A. during 1879-1903, and in Britain between 1898-1904. (13) Hunter observes

"The massive mergers at the turn of the century appear to have been unique in the degree to which they crystallized the industrial structures of the U.S.A. and Britain into a concentration pattern that persists to the present day." (14)

Finally the tensions associated with the growing international competition among the great powers contributed to increased expansion through arms production. Generally, the period immediately prior to the First World War was favourable to the expansion of capitalism, despite the increasingly ominous development of international rivalry.

The struggle for international dominance, exacerbating and exacerbated by increasingly intense rivalry, culminated in the 1914-1918 war, from which the United States emerged strengthened, but not yet secure, and finally consolidated in its position as the dominant world power. Largely as a consequence of the incompleteness of American dominance, instability and crisis pervaded the inter-war period. The pre - 1914 world market was drastically disrupted, and repercussions were felt in the form of currency disorder, protectionism, and a chronic international condition of imbalance. Different countries were differentially effected by this process of destabilization, however. The deteriorating position of Britain in the 1920's contrasted with that of the ascendant United States and the relatively prosperous Germany until 1929, when Depression became generalized throughout the capitalist world.

During this period, however, international relations never lost all semblance of order with a decline into absolute collapse. The breakdown of the world market posed acute problems, especially in the older industries, but profitable investment and trade continued in other sectors, even during the Depression years.

WORLD PRODUCTION AND TRADE. 1929-1937

	1929	1932	1937
Foodstuffs.			
World Trade.	100	89	94
World Production.	100	100	108
Raw Materials.			
World Trade.	100	82	108
World Production.	100	74	116
Manufacturers.			
World Trade.	100	57	87
World Production.	100	70	120

(15)

While both production and trade fell during 1929-32, the fall was, with the exception of raw materials, most pronounced in trade. Between 1932-7, while both trade and production revived in all three sectors, trade rose more slowly than did production, and the former remained significantly below the 1929 levels in both foodstuffs and manufactures. The overall international economic dislocation was acute, especially during the actual depression years of, 1929-1932, when world trade in manufactures fell by over 40 per cent. In such conditions, British capitalism resorted increasingly to its traditional activities as a provider of economic services rather than industrial output. In particular, invisible earnings as a percentage of total imports rose dramatically.

YEAR.	INVISIBLES AS PERCENTAGE OF IMPORTS.
1924	32
1929	29
1935	46
1938	37

(16)

The increased significance of invisible earnings indicates how a traditional pattern helped cushion Britain from some of the consequences of the general decline in world economic activity. Nevertheless, the economic crisis of the inter-war period was profound, and was accompanied by bitter struggles for markets, struggles waged with bilateral agreements, exchange controls, currency depreciation and allied means of economic warfare.

Economic recovery was finally consolidated in the late 1930's. One commentator observes.

"Despite some technical change and the rise of new industries, despite public policies designed to supplement market forces, there was never a sign, before 1939, of a real and permanent rebuilding of the world market." (17)

That is was largely by means of the arms programme that the leading capitalist nations emerged from the Depression indicater the path by which economic recovery opened the way for the Second World War. Production became geared to the needs of the war economy (18), and since a major part of the total output did not appear on the capitalist market in the "normal" way, the problems associated with its "realization" were, in immediate terms, resolved.(19) Government control and administrative-integration of the whole process of production reached unparalleled extents, the operational antonomy of individual enterprises being substantially curbed.(20) The armaments- led boom, moreover, augmented the increasing interpenetration of state and industry, economic protectionism continuing unabated.(21)

War economy took the capitalist world into a long period of economic expansion, a period of continous extended reproduction which has only recently become visibly problematic. The initial conditions of the continuation of economic expansion into the post-war period derived largely from the legacy of the previous years. The relative stagnation of the 1930's, together with the running down of much basic productive equipment during the Second World War, provided extremely favourable opportunities for increased investment, as did the general need for the reconstruction and reconversion of production on a peacetime footing. The means to finance this expansion came partly from the cash balances in the hands of business during the phrase of the dismantling of the war economy.(22) In addition, from their peak during the Korean War until the commodity price explosion of the early 1970's, the prices of primary products relative to manufactured goods, the former coming in the main from the developing countries, persistently fell(23) The structure of imperialism in this way reinforced and helped to underwrite the prevailing pattern of capitalist expansion.

Highly varied conditions characterized the different capitalist states during this phrase of transition to peace. In Germany, for example, particularly favourable conditions for the reconstruction of a new capitalist order had been prepared by the period of fascist rule. The share of wages in the national products had fallen from 64 per cent in 1932 to 57 per cent in 1938. (24) The earlier militancy of the German working class, moreover, had been destroyed by armed capital in its fascist form.(25) The combination of lower wages, long working Hours and improved conditions of "realization" in the form of government orders during the Hitler period allowed a rapid phrase of capital accumulation to develop in the German war economy. For many years after the war, moreover, capital was not impelled to make serious concessions to the weakened working class, and the level of wages in West Germany did not reach that of 1938 until at least 1950 and possibly until 1956.(25)

Despite such national peculiarities, however, the capitalist world as a whole was, after 1945, in a favourable position for a new phase of expansion. In addition to the factors noted above, a vital key to this expansion is to be found in the disproportionate development of American capitalism prior to and during the 1939-1945 war, and its consolidation as the dominant capitalist power. As against Britain's performance, the United States invested substantially in new productive equipment throughout the war period.(27) From this strengthened position, as we shall discuss in the following section, the United States took responsibility for restoring world capitalism after 1945 with loans and aid of various types. Although operating on a narrower geographical base, and also in a politically less secure position, with the expansion of Soviet influence through East Europe, capitalism and its various national components emerged after 1945 in a far more integrated form than it had been in 1939. It is the basis of this integration and the expansion which it fostered that will now be our concern.

POLITICAL ECONOMY AND THE BACKGROUND TO THE POST-WAR EXPANSION. REFERENCES.

1. E. Mandel (1968), 331-2
2. K. Marx (1967b), 398-9. This depiction of the process of capitalist accumulation is, we recognise, uncomfortably brief - Questions of space prevent us from discussing the debates concerning accumulation at greater length in a specific section. Particular aspects of the total process are given a rather fuller treatment as they become relevant for our analysis. In particular, see the discussion of the significance of the money form of capital in capitalist reproduction (See "Arms and the State, A New Stability?") and that of the problems associated with the falling rate of profit. (Section VII, "Profitability and British Capitalism")
3. K. Marx (1959), 253.
4. Ibid, 251.
5. See section (VII, "Profitability and British Capitalism".)
6. See, for example, Marx's comments on the complexity of the relations between the two departments of total social production, those producing means of production (the elements of "productive consumption") and articles of consumption respectively. (K. Marx. 1967b, 399-407)
7. As one commentator observes,

"At best a theoretical model is an imperfect replica of the real world, more or less adequately representing a small part of it while holding constant other operative components."

(T. Kemp, 1961, 54)
8. K. Marx and F. Engels (1970), 42.
9. Reproduced in *ibid.* See especially These VIII to XI. (Ibid. 122-3)
10. B. Ollman's recent work "Alienation. Marx's Conception of Man in Capitalist Society (1971), especially the sections on the philosophy of "internal relations, is a particularly sophisticated example of this type of reductionism. The theoretical specificity of Marxist analysis is totally absent.
11. P. Deane and W.A. Cole (1959), 308.
12. W.M. Clarke (1967), 184.
13. A. Hunter (1969), 92-121.
14. Ibid. 100.
15. P. Deane and W.A. Cole (1959), 308.
16. E. Zupnick (1957), 26.
17. T. Kemp (1961), 56.
18. By June 1945, for example, 55 per cent of the British labour force were in either the armed forces or civilian war employment. (A. Harrison 1968, 73)

19. We have critically examined one theoretical interpretation of the so - called "permanent arms economy" in an earlier section, "Arms and the State: A New Stability." The stimulus given to capitalist expansion by the militanization of the economy is not being questioned in that section. What is being questioned is the theoretical model, claiming Marxist origins, which deduces the possibility of a more or less indefinite period of relative stability from the prevailing level of armaments expenditure in the capitalist world.
20. A. Harrison (1968), chapter 4.
21. A. Skuse. (1970), 23. Protectionism in the last quarter of the nineteenth century had also meant a greater role for the state within the capitalist economy. Intensification of rivalry among the major powers, national control of markets, and the raising of tariff barriers all necessitated increasing direct and indirect interpenetration of state and private capitalist purposes. During this period, as more generally, the state performed different services for its domestic capitalist classes, depending both on its traditional role within particular countries and the immediate economic needs in particular instances. In Britain, for example, the state continued to play a comparatively supportive role in relation to market processes, while the **Tsarist** state of backward Russia played a prominent and direct part in the promotion of manufacturing industry, especially in the years 1880-1900 and 1905-13. Nevertheless, B. Supple is correct to point out that in the three decades beginning in the 1870's "a larger and much more 'positive' economic and social role was found for the state." (B. Supple, 1971, 44). Despite the different stages reached in the growth of the international division of labour in the two periods, the increasing inter-penetration of state and economy in the late nineteenth century and between the two world wars was a development inseparable from its environment of intensifying international competition and rivalry.
22. R.C.O. Matthews (1968), 561.
23. F. Caincross and H. Mc.Rae (1975), 14.
24. E. Alvatar et - al. (1974), 6.
25. For a still valuable study of the pro-capitalist economic and political policies of early fascism in Germany, see D. Guerin (1973), chapter 8. Guerin predicted:

"The industrialists have attained their ends: at last they have at their command the 'strong state' they wanted. Through a series of economic and social measures, the fascist state will try to check the decline of their profits and make their businesses pay once more." (178)

The accuracy of this prediction is confirmed by, among other studies, that of A. Schweitzer (1964). According to one estimate, the German Reich added about a quarter to its domestically produced resources from foreign conquests, not including direct seizures of gold, foreign exchange assets, works of art and raw materials. (A. Maddison, 1973, 51). Through such aggressive expansionism German capitalism to a large extent recovered from the twin obstacles of high reparation payments resulting from the 1914-18 war, and the particularly acute effects transmitted from the Depression in America during the early 1930's. Germany's economic success during the 1930's was achieved largely through the war-based centrality of the state in her productive system. By 1939 some 25 per cent of G.N.P. was going to current government spending, while output per head was higher, and unemployment lower, than in any other European country. It may also be noted that, with the scaling down of both her pre- and post-war debts in 1953, Germany was one of the few major countries to emerge as a net gainer on foreign account because of the war. (Ibid, 35-6)

- 26. E. Alvatar et - al (1974), 9.
- 27. A. Glyn and B. Sutcliffe (1972), 35.

THE UNITED STATES AND THE REVIVAL OF CAPITALISM

Effectively, the United States assumed overall responsibility for the future of the international capitalist system after the Second World War. A crucial aspect of the occupancy of such a role is the supportive and integrative policy pursued by the dominant power in order to develop and maintain some degree of stability in international relations. This involves the relations both amongst the various competing capitalist powers and also between them and the weaker areas within the international division of labour. Prior to 1914, the structure of international relations was supported by two principal trading complexes. India's balance of payments deficit to Britain and her surpluses with other countries were one vital means of international integration. The other important factor was the network of trading balances between Britain, Europe and North America. (1) This framework of international relations which had been constructed over an extended period, was violently disrupted by the 1914-1918 war and finally destroyed by that of 1939-1945.

During the 1914-1918 war, Britain had become a longterm debtor to the United States, a relationship which constituted a reversal of roles between the two powers. Between the outbreak of the war in August 1914 and the end of the financial year 1918-1919, Britain had lent some £1,741m. on the international market. Against this she had received loans totalling £1,365m., of which £1,027m., by far the larger part, came from the United States. British loans, that is to say, exceeded borrowing by some £350m. (2) American loans, in effect, were being transmitted to other wartime allies through Britain as a financial intermediary. In the longer-term, however, Britain's role as debtor to the United States represented more than a simple banker's function. As early as September 1915, the volume of American exports to Britain had increased to such an extent that the exchange rate of the pound to the dollar began to deteriorate. Already the seeds of American ascendancy were beginning to germinate.

London's strength had long rested on her position as an international creditor on a vast scale. (3) By 1918, however, this position had been seriously undermined, and in the years immediately preceding the Second World War Britain was suffering an uncharacteristic balance of payments deficit. Indicative of this change, which developed further during 1939-1945, was the changing balance of payments relationship with India, a crucial support of the international system during the earlier period. Between 1938-1943 British exports to India fell from £34m. to £18m. India, further, used her sterling balances to buy a number of key British investments in India. Indian sterling balances in London had in fact risen to £1,321m. by the end of 1945, and a number of Middle Eastern countries, most notably Egypt and Sudan, similarly accumulated favourable sterling balances over the same period. The following table indicates the scale of Britain's total international indebtedness by mid -1945.

	£m.
Australia, New Zealand, South Africa, Eire.	384.
India, Burma, Middle East.	1,732.
Colonies and the other Sterling Area.	<u>607</u>
Total Sterling Area.	<u>2,723</u>
North & South America.	303
European States and Dependencies.	267
Rest of the World.	<u>62</u>
Total.	<u>3,355.</u>

(4)

The net result of this process, epitomized by the daunting total 1945 indebtedness of over £3,000m., was to largely offset Britain's traditional income from invisible earnings, a major pillar of her erstwhile hegemonic position. The new structure of international transactions, moreover, represented a substantial claim on Britain's resources after 1945. Post-war exports, in addition to their normal purpose of balancing immediate imports, had to pay for a large part of the imports of the war years. Britain, in short, emerged from the Second World War a victor, but economically weakened and subject to the newly consolidated global hegemony of the United States.

The twentieth century, then, has witnessed a thorough-going transformation in the pattern of international capitalist relations. The inter-war absence of an effective hegemonic power resulted in the ascendancy of anti-liberal national economic tendencies, fascism being their extreme and par excellence manifestation. After 1939-1945, the victor powers, guided and dominated by the United States, attempted to establish what Milward has termed

"a set of quasi-liberal international economic institutions whose purpose was to bring order out of the supposed international chaos of the inter-war period by re-establishing an acceptable system of international trade and payments."(5)

Precisely what form this new system took, the position of the United States within it, and its long-term implications for the international stability of capital and trade movements is the concern of the remainder of this section.

An important part of America's recreation of a stable world capitalist system was the restoration of the war-shattered economies of Western Europe and Japan. The United States made considerable loans to Europe in particular in order to prop up a number of near-destitute regimes and, in doing so, to preserve the West European capitalist structure intact. This, from the American point of view, was an essential requirement, especially in the content of the consolidation of Soviet influence over a belt of Eastern European states.(5) Specifically concerning Britain, the Lend-Lease Acts of March 1941 led to the provision of \$30,000m. of aid to the Sterling Area, the dominant part of which (\$26,000-27,000m.) went to Britain. To gauge the depth of Britain's needs at that time, it has been estimated that the absolute dollar cost of the war to Britain would have financed 16 years of imports from the United States at the 1938 level of prices, taking no account of British exports or other dollar earnings.(6)

The Lend-Lease agreements were suddenly cancelled in 1945 and Britain had no alternative but to raise a loan from the United States on more conventional terms, both in order to survive in its condition of immediate indebtedness and to repay the substantial already - borrowed sums. This loan took the form of Marshall Aid. (the European Recovery Programme) which came into operation at the end of 1947. Marshall Aid for Europe as a whole totalled \$17 Billion. Most of this sum was distributed over 1948-9, Britain declining further Aid after 1950. It was replaced by direct military assistance, however, and, as Pollard notes, it had by then "fulfilled its main function of carrying Europe over its critical deficit years."(7)

A related facet of the post-war re-stabilization programme was the historic decision resulting from the 1944 Bretton Woods conference, to restore the disrupted international capitalist system. At Bretton Woods the decision to establish the International Monetary Fund was made. The I.M.F. was to be provided with a pool of gold and currency, contributed according to an agreed plan by the member nations, which would be used to allow any member suffering balance of payments difficulties to overcome them without precipitating a major international crisis. Central to the Bretton Woods decisions was the privileged position given to the dollar for purposes of international capital and goods movements. The dollar was guaranteed at a fixed rate against gold and became the major reserve asset throughout Europe during the post-war period. Contributions made by the member countries consisted of 75 per cent in domestic currency and 25 per cent in gold. Debtor countries could draw from the fund in times of balance of payments difficulties, on condition that their currencies would fluctuate by only 1 per cent against either side of their par value in relation to the dollar. Members' currencies were in this way tied to gold,

(priced at the fixed rate of $\frac{1}{35}$ to a fine ounce of gold) through the Dollar.

This privileged position of the dollar in the Bretton Woods programme indicates the dominance that the United States had acquired by this time. The post-war stabilizing arrangements were, as against the autarchic tendencies of the inter-war period, operated through a set of international institutions, but the central position of America in the new structure of relations is crucial for an understanding of developments since then. One commentator stresses the importance of

"the readiness of successive American administrators to play a positive role in the development of international economic relations."(8)

America acted on two particular fronts, providing large amounts of capital and being instrumental in creating the new institutions to administer and organize the process of international recovery and reintegration. In addition to the I.M.F. were the International Bank of Reconstruction and Development (1946) and the General Agreement on Tariffs and Trade (1947). G.A.T.T. was concerned with tariff policy and, with qualifications concerning exceptional cases, embodied the American emphasis on multilateralism and non-discrimination. The I.B.R.D. was instituted primarily for the provision of longer-term capital than the I.M.F., conceived mainly for contingencies would supply. Such institutions constituted the scenario within which restrictions on payments and trade have been progressively reduced and the international flow of capital resumed. For a long period after 1945, in fact, trade expanded considerably faster than did actual production, and by 1951 West Europe had again reached pre-war levels of output. International controls were gradually relaxed, and by 1958 the major West European currencies were made convertible subject only to relatively minor restrictions. The ideals of Bretton Woods appeared to have been more or less permanently realized.

European recovery, inconceivable without American aid and initiative, both performed a vital military function for the capitalist sector of the world and provided investment fields and markets for the U.S. economy. The importance of the overseas connections for American capitalism is highlighted by the figures for the increase in returns from foreign investment, which rose from 10 per cent of American corporate profits in 1950 to 24 per cent of gross profits by 1964.(9) Enduring trade links, as we have seen, were established in the post-war economic revival. In addition, new production techniques were developed and applied internationally,(10) and reconstruction was reinforced by an unprecedented peacetime level of arms expenditure.(11) On the basis of these developments, a protracted boom, increasingly centred on civilian investment (although at many

points associated with the military industries) and an expanded market for consumer goods, (the material basis for the "embourgeoisement" theories of the 1950's and 1960's) dominated the advanced capitalist countries. Despite periodic recessionary tendencies in the heartlands of the United States economic empire world capitalism was again able to extract and realize surplus - value on an expanding scale.

An important debate concerning the nature and extent of instability in the international economy, epitomized by the abandonment of the fixed exchange rates system in 1971, has developed over the last decade.(12) Broadly speaking two major positions have been held by the protagonists of the debate, the division being centred on the significance of the internationalization of capital and its implications for the autonomy of the nation state. At one extreme R. Murray proposes, on the basis of the post -1945 internationalization of capital, the emergence of a pattern of "territorial non-coincidence."(13) By this Murray refers to a process whereby the traditionally close relationship between capital and the domestic state in the field of extended economic expansion becomes progressively weakened. The possible executors of state functions in the international context of "extended capital" now include, in addition to the domestic state, extended capital itself, foreign states, and co-operating state bodies. (ibid.,96-100).

As against the classical liberal model of the international economy which views the nation state as "the basic category in the world, the atom of the system," Murray envisages the development and consolidation of national economic interdependence, characterized by the easing of trade and capital movements, with a resulting decrease in the power of the hitherto discrete nation state.

"There is accordingly a tendency for the process of internationalization to increase the potential economic instability in the world economy at the same time as decreasing the power of national governments to control economic activity even within their own borders."(14)

While Murray identifies clear and important destabilizing processes deriving from this process, his primary emphasis is on the internationalization of capital as such. State actions, for example, are seen to weaken their domestic capitals by encouraging foreign investment for balance of payments purposes, the result being a brake on the development of home industries. (ibid., 108.) In his oscillation between the destabilizing effects of increasing

internationalization and the supposed easing of trade and capital movements, on the one hand, and its destabilizing consequences on the other, Murray echoes, some five decades later, the theses elaborated by Kautsky immediately before and during the 1914-18 war. Kautsky asked:

"Cannot the present imperialist policy be supplanted by a new, ultraimperialist policy, which will introduce the joint exploitation of the world by internationally united finance capital in place of the mutual rivalries of national finance capitals?" (15)

Kautsky's answer was that such a development is "conceivable", despite his reluctance to predict its likelihood of actual occurrence. We will suggest that Murray, like Kautsky, bases his speculations on an erroneous conception of the prevailing structure of inter-state relations. Before elaborating this contention, however, we will mention a similar position put forward by Mandel.

Mandel's thesis concerns specifically European capitalism. The E.E.C., he observes, is both consequence and promoter of capital concentration on an international scale within Europe. The bourgeoisie requires state intervention, to maintain its system of domination, but as European capital interpenetration extends a wider state form than that of the national unit becomes increasingly necessary. The E.E.C., however, is still a loose confederation of states, not yet corresponding to such a super-national state complex. Mandel identifies a developing trend in that direction, however, and suggest that if it is blocked the result will be an inevitable return to economic nationalism, leaving the United States to dominate the world capitalist system, (16) Even in the absence of formal European integration at the political level, however, the general tendency is, for Mandel, apparent.

"The direction in which the leading concerns are tending is clear. By taking their own international initiatives and by establishing international companies, they are trying to counteract the relapses in European economic integration caused by the indecision of national governments." (17)

The test, Mandel suggests, will be a general recession in Europe. Such an eventuality would lead either to a retreat to nationalism with European capital resorting to its traditional state forms, or to a qualitative shift towards a European state, the E.E.C. assuming major state functions. Thus posed the outcome depends largely upon the intellectual skills and foresight of

European capitalists and politicians, the "correct" choice offering them, as a bloc, a new lease of life against American competition. (18)

The actual extent of the internationalization of capital requires clarification if this prospect is to be assessed, however. The example of Britain is particularly instructive. In point of fact rather less than 10 per cent of British industrial capital is foreign owned, while British overseas investment now amounts to little more than 10 per cent of her domestic capital. (19) A useful body of data relating to the interpenetration of national capitals may be found in Mandel's own Europe Versus America. Its still small if rising significance, especially between the West European countries, leads Mandel to a sober caution, if not indecision, concerning the prospects of an emergent European super-state. The still relatively low level of interpenetration, especially in the context of an international crisis of profitability, renders the possibility of a European super-state highly improbable. This is even more the case when, as at present, the world market has ceased to expand and a struggle for sectional spheres of influence and penetration flows organically from the structure of international capital.

What seems more likely is a progressive retrenchment into positions of more or less transparent economic nationalism within a scenario of intensified rivalry, principally between the United States, Japan and Europe, but also within the West European sub-continent, including Britain, itself. Such a development would broadly correspond to what J. Knapp has termed "the emergent pattern of reluctant mercantilism." (20) This tendency is aggravated by a chronic and worsening payments disequilibrium between the major countries in the capitalist world. Especially prominent is the persistent West German surplus as against the deficits of Britain and the United States, much of this imbalance deriving from the twin factors of government payments and capital exports from Britain and North America. In addition, the very volatility of short-term capital movements, exacerbated by the anarchy of the Eurodollar markets, has played a large part in undermining international currency stability, culminating in the collapse of the fixed exchange rate system in 1971. (21) Both these factors have been decisive in effecting a shift away from the earlier post-war liberal international structure of relations towards increasingly nationalistic restrictive and protective practices.

The re-emergence of tariff barriers inside the E.E.C. during the early 1970's indicates that this process is already well underway. The dominant trend, that is to say, is away from super-national integration and towards a strengthening of the national capitalist state in relation to the decisive firms of the economies concerned. (22)

The dynamic of this movement in the world economy centres on the

structure of American capitalism and its effects on the international, especially European, capitalist system. As early as 1925 it had been pointed out that the centre of capitalist power had shifted from Europe to the United States.(23). Whereas sterling was used as the main means to finance international investment through the period of the gold standard up to 1914, the American dollar has proved unable to perform a comparable role, even in the medium term. Prior to the First World War a "strong" pound was adequate for the task of providing the means of liquid payment that the world economy required, while the City of London provided the accompanying credit and financial services.(24) As W.M.Clarke points out :

"--- since the 1914-18 war, the financial experts of the West have been searching for a viable substitute."(25)

The dollar, however, has proved quite inadequate for that task. During the early post-war years the United States balance of payments registered a persistent surplus and the capitalist world as a whole suffered from an acute, dollar shortage. Within a short period of time, however, Clarke's hypothetical and retrospective prospect of the development of the New York market into a "capital exporting machine" comparable to London a century earlier was undermined by a number of mutually compounding tendencies in the international movement of capital.

In the first place the costly European restoration programme, together with the military expenditure on the Korean and Vietnamese wars and America's expenses of empire in general, resulted in both a loss of gold reserves and a building up of external dollar balances. In the short-term the potential deficit engendered by these developments was augmented by the vast outpouring of private capital to areas which offered a higher rate of profit. But up until the late 1960's the United States maintained a large surplus on international account for goods, services and investment income. That for 1965-67 was as high as \$3.5 billion. The outflow of dollar-transfers for the same period totalled \$10.8 billion, however, more than offsetting the trade and investment surplus.(26) The content and direction of these dollar outflows - principally military expenditure, aid and investment-relate directly to the structure of American imperialism.(27) As such they are essential for the maintenance of the trade and investment surplus, even while they work to undermine it. That restricted surplus, moreover, finally turned into a deficit in 1972, further pressuring the American economy in general and the dollar in particular.

It was against this background that a wave of speculation against the dollar in 1971 and again in early 1973 further contributed to the undermining of confidence in that currency. The simultaneous growth of international

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competition for markets has compounded the general weakness of the dollar, despite short-term fluctuations in its relative strength, and rendered the prospect of continued or restored international stability centred on American capitalism even more problematic. Having for some two decades provided a steady stream of overseas investment and liquidity, thus helping to raise the general level of material wealth in the advanced capitalist countries, the American balance of payments has finally undermined the strength of and international confidence in the dollar, the world's chief reserve currency. The very basis of the post-war expansion, proclaimed "as good as gold" prior to President Nixon's measures of August 15th, 1971, has in this way become the prime mover of a period of international economic instability. The three decades since 1945 have seen a rise in the proportion of both trade and investment flowing between the advanced capitalist countries, at the relative expense of that between this sector and the developing world. At the same time, moreover, particular countries have tended to specialize increasingly in the supply of particular commodities. Trade, that is to say, has become more geographically concentrated and crystallized among suppliers and markets over time.(28) Unresolved tensions in the world economy, particularly in its American heartlands, ensure, nevertheless, that this new global division of labour contains the seeds of its own fragmentation.

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THE UNITED STATES AND THE REVIVAL OF CAPITALISM. REFERENCES.

1. A.S. Milward (1970), 45
2. S. Pollard (1969), 74
3. This pillar of London's traditional strength is well documented in W.A.P. Manser (1966).
4. S. Pollard (1969), 333. See also 354.
5. *ibid.*, 359-361. A. Maddison (1973), 36-38.
6. D.F. Mc.Currach (1948)
7. S. Pollard (1969), 361. American aid at this time was not, of course, without conditions. Generally speaking, Western European countries were, in return for receiving Marshall Aid, expected to curb government spending and private consumption in order to increase productive investment and exports. Such policies were inseparable from the general United States programme to restore production and trade in the capitalist world. Indicative of this active prominence of America in the restoration period were the observations made concerning Britain in 1953 by the Committee for Economic Development.

"Will not increases in wages and other incomes and in government social welfare payments in the United Kingdom have to be kept within conservative limits until the growth of productivity makes possible a more rapid increase? The new slower growth of British production suggests that this will be necessary to maintain monetary stability."

(Quoted in C.Y.H. Lo, 1975, 38).

Successive British administrations, both Conservative and Social Democratic, attempted, as we shall see, to pursue, precisely this policy. In addition, American control in the form of direct corporate investment within Europe as a whole has intensified significantly since the Second World War. At the same time as the rate of foreign investment increased after 1950, that share going to Western Europe doubled from 15 per cent of the total in 1963 to 30 per cent in 1969, in the latter year overtaking Canada as the largest single recipient. (Y.S. Hu, 1973, 5-7). This increasing dominance is a direct aspect of the central role played by American capitalism in sustaining the post-war boom, especially in the context of the West European countries. It may also be noted that the global significance of American overseas investment is highlighted by the especially rapid increase in European investment after the signing of the 1950 N.A.T.O. pact which provided for a permanent United States

military presence, oriented primarily toward the East European Soviet bloc. (V. Perlo, 1963, 54-5)

8. A. Harrison (1968), 87.
9. H. Magdoff (1965).
10. Mandel has termed this aspect of the post-war boom the "third industrial revolution", a conception critically evaluated in our discussion of theories of the "technocratic state". The emergence of the United States as the major beneficiary of the general destruction of values that occurred during the Second World War placed that country at the directive centre of the ensuing reconstruction process, in terms of scientific and technological development as well as of capital movements. D.L. Spencer thus notes that the United States functioned as the "central magnet" and "generator" of international technological transfer after 1945. The two-way flow of technicians and managers between North America and the war-shattered economies of Western Europe and elsewhere accompanied the provision of capital and grant aid for the restoration of capitalist production. (D.L. Spencer, 1970, 41). The ruination of European industry for the second time within half a century consolidated America's position as the leading capitalist power by virtue both of its capital reserves and its closely related military-technological resources and know-how.
11. In Britain, for example, after an initial post-war decline in military expenditure spending rose, with small fluctuations, from £1,884 m. in 1948 to £5,082 m. in 1973 at constant (1972) prices. (F. Allain, 1974, 5). V. Perlo (1963) discusses the importance of the military sector for expansion and development of the United States economy as a whole in the post-war period. Pointing out that the combined areas of militarism and foreign investment accounted for over $\frac{1}{3}$ of all North American fixed capital outlays by the early 1960's, Perlo indicates the additional impact of the military budget through such related industries as aircraft, shipbuilding, missiles and electronics. He observes:

"This expanded list certainly embraces a major portion of American industry, and indicates that the material basis for big business support for a militarized foreign expansionist economy is quite substantial." (101).

The destabilizing effects of militarism within the capitalist economy are discussed later in this section, but its initially stimulating function is central to the whole period of expansion which followed the armaments-led build up to the 1939-45 war.

12. The question of international stability, especially within Europe, had of course been raised earlier than this perhaps arbitrary date. In 1961, for example, it was pointed out that:

"Ten years of artificial co-operation has not stamped out three centuries of European history. The age - old process of jockeying for positions of political and economic advantage has simply taken on new forms. Whenever the economic situation reveals the possibility that the market may cease to expand or start to contract capitalist interests push for national advantages in the struggle." ("Labour Review", Vol. 6 No.3, Winter 1961)

It is only since the mid and especially the last 1960's, however, that the visible breaking of earlier patterns of often suspicious co-operation within the capitalist world has prompted a more widespread debate concerning the prospects of continued economic expansion in the Western countries. As late as 1969, moreover, Shonfield could confidently assert that:

"There is no reason to suppose that the patterns of the past, which have been ingeniously unravelled by the historians of trade cycles will reassert themselves, in the future."

(A. Shonfield, 1969, 62).

It is unclear as to whether Shonfield's mysterious and anonymous historians derive their perspectives of trade cycles from the theories of Schumpeter, Duesenberry, Kondratieff, Trotsky or Mandel. Whoever Shonfield is referring to, it seems to us that this passage alone, written within half a decade of the deepest global recession since the 1930's, justifies a far-reaching discussion of the prospects for international capitalism.

- 13. R. Murray (1971), 85.
- 14. Ibid., 108.
- 15. "Die Neue Zeit", April 30, 1915. Quoted in V.I. Lenin (1970b), 142.
- 16. E. Mandel (1970a), 47-58.
- 17. Ibid., 60.
- 18. This thesis is restated almost verbatim by H. Radice and S. Picciotto (1971). It also recalls Servan-Schreiber's proposals for a European industrial and scientific policy "capable of dealing with the United States." (J.J. Servan-Schreiber, 1969, 142). Schreiber suggests that in order to defend itself from and combat American corporate power Europe must secure a breakthrough

in a number of key, advanced technological sectors. This, he elaborates, requires the development of European firms large enough to be competitive and federal European state aid, comparable to that provided in the United States, on a massive scale. (Ibid., 152-5). Schreiber counterposes the actual trend towards increasing national autonomy within Western Europe to the need, central to economic survival in the face of the "American challenge", to create a powerful European technological community with discrete federal state authority and financial resources. As with Mandel, statesmanship and economic know-how are decisive in determining the prospects of European capitalism. We will suggest that this voluntarism underestimates the imperatives of the economic environment within which both states and firms are obliged to operate. See also Y.S. Hu, (1973) 280-1.

- 19. A. Glyn and B. Sutcliffe (1972), 153.
- 20. J. Knapp (1973), 19. See also H.G. Johnson (1974), 18-19
- 21. See A. Maddison (1973), 45-48.
- 22. B. Warren (1973) develops this perspective in a study expressly intended as a critique of Murray's thesis. The continued proliferation of national barriers against the unrestricted flow of capital and of nationalist monetary policies within the E.E.C., quite in contradistinction to Article 3 of the Treaty of Rome, testifies to the powerful economic and political forces working in this direction. (S. de la Motte, 1970, 56-65).
- 23. L. Trotsky (1973), 233-4.
- 24. W.M. Clarke (1967), 177-183.
- 25. Ibid., 179.
- 26. H.L. Robinson (1974), 401.
- 27. The imperialistic content of "aid" from the contemporary Western world is discussed in T. Hayter (1971). Specifically concerning the United States, see 87-98. The important role of military spending in engendering and exacerbating the American deficit is emphasized in C.Y.H. Lo (1975). Lo correctly points out

"In the forties and fifties, U.S. military spending abroad eased the balance of payments difficulties in Europe. Recently, military spending has been exacerbating an ever increasing U.S. deficit, which is destroying the stable disequilibrium of the international monetary order." (31).

Post-Korean War military outlays have averaged some 10 per cent of U.S. national income, a proportion roughly twice as high as that for the rest of the capitalist world. (V. Perlo, 1973, 156). The relatively inflated share of military spending in the American budget and national income has contributed

considerably to that country's comparatively low rate of growth in the post-war period as well as to its deficit - tending payments situation.

28. R. Rosencrance and A. Stein. (1973). See tables 6, 7, B, C, D, and G.

THE HISTORY OF STATE INTERVENTION OF BRITAIN

Both before the industrial revolution that saw the consolidation of British capitalism and more recently, the characteristic attitude of government towards the economy has been one of recognized obligation to intervene in a positive way in order to maintain and develop national economic life. A long intermediary period was dominated by the laissez-faire conviction that a minimal level of intervention is the optimal or desirable goal. The ideological ascendancy of this doctrine coincided by and large with the rise and consolidation of Britain's status as the dominant world power, a position congruent with such opinions. Discussing the development of the capitalist economy as a whole, Radice and Picciotto observe

"The role of the state throughout is to act as conscious co-ordinator, over and above the apparently free market, and thereby to ensure the continued reproduction of the relations of production.(1)

Total state laissez-faire, as Radice and Picciotto imply, is, in a society with a developing or developed division of labour, a contradiction in terms. State activity, if only through the routine enactment and enforcement of a system of laws and regulations, must and does affect economic life as it does the life of society in general. Specifically, the capitalist state, as the embodiment of a structure of class relations, within a nation located in an environment of at least potentially antagonistic rivalry, cannot, without inviting its own extinction, abstain from exercising control over fundamental economic factors such as the issue of currency and the question of international relations. Over and above these necessities, moreover, is the requirement to restrain and moderate domestic inter-class relationships. What is at question is thus not the fact of state intervention, but its direction and character.

On this basis, it is possible to identify a number of distinct, if overlapping, modes of state intervention from the genesis of the capitalist system in Britain to the period of autarchic national orientation of the 1930's. At the outset of the British industrial revolution, the major task was to create the conditions for the effective functioning of the emergent mode of production. By the mid-eighteenth century, the state had established a complex web of largely and ad hoc regulations designed to meet this end. Revenue raising, for example, originally in the form of the rights of Norman Kings to levy tolls on trade, continued, passing from Crown to Parliament.(2) Domestic manufactures were protected by statutes from the fifteenth century onward, and state measures such as the 1651 and 1660 Navigation Acts sought to give English ships a monopoly of imperial trade, largely in order to curb the commercial power of the rival Dutch.(3)

In addition, mercantilist doctrine led the early British capitalist state to protect and encourage the activities of merchants who brought gold into the country. Enactments such as the 1663 Staple Act, while in immediate terms promoting domestic economic growth, also established the pattern of reliance on "invisible" imports which was to help sustain the British economy until well into the twentieth century.(4)

By the turn of the seventeenth century, however, Britain had achieved industrial supremacy in an environment of expanding world trade, and a more passive government role was advocated by leading sections of the new industrial capitalist class. Adam Smith advocated the confinement of government activity to the provision of defence, the administration of justice, and the provision of services such as roads and education as would not otherwise exist for lack of adequate profit. Politically, William Pitt advocated the liberalization of economic policy, but the 1793 war with France reinforced the advocates of trade manipulation as a means to the building and maintenance of international hegemony. During the 1830's and 1840's, nevertheless, tariffs were progressively reduced, although the protection of agriculture, the biggest obstacle to free trade, still remained. In particular, the Corn Laws limited foreign competition by the imposition of a heavy import duty whenever the domestic price of corn fell below a certain level. A Lancashire trade depression in 1839, however, intensified urban middle class opposition and led to the formation of the anti-Corn Law League. The Law was finally repealed in the early 1840's, symbolizing the triumph of the new industrial capitalist class over the landed interests in the arena of state policy.

From the repeal of the Corn Laws onward, the major economic task of the British state was the maintenance of the hard-won conditions for capitalist expansion. As the dominant naval and industrial power, Britain's hegemony was as complete as it was ever to become. From such a position of strength, the two chief pillars of Mercantilist policy, the protection of British trade and the provision of military defence for that protection, became progressively less relevant. Accordingly, the central elements of the mercantilist code were abandoned. The Cromwellian Navigation Laws were relaxed and finally repealed in 1849. The system of colonial preferences was ended, and the prohibition of the export of British machinery and technical experts was lifted.(5) The consolidation of global British hegemony provided the material conditions for and fostered the development of free trade in British foreign policy.

Domestic state economic intervention, at this time, was also at a relatively low level. The mint, some arms expenditure and some building were the main areas of government involvement. Hobsbawm's succinct simile aptly summarizes the state's domestic role :

"Where it intervened... it was, like the traffic policeman, to regulate, but not to encourage or discourage." (6)

During the previous decades a number of measures had been taken to formally free the labour market, measures which were indispensable to the development of capitalism in its classical form. Most notable were the 1813 Act repealing statutes allowing local magistrates to enforce minimum wages, and the 1825 amending Act (to the 1824 repeal of the combination Acts) making trade combination a criminal conspiracy under common law.(7) Generally, the dominant characteristic of British state policy in the mid-nineteenth century was one of disengagement, a policy orientation consistent with a healthy capitalist economy.

During the last quarter of the nineteenth century however, it became increasingly apparent that the condition for the maintenance and expansion of British capitalism could not be guaranteed without progressively greater state intervention in economic activity. The encroaching challenge of rival imperialist powers has already been indicated. World trade, in particular that between Britain on the one hand and her colonies and China on the other, was still growing, however. In addition, the gaining of the working class vote (1867 and, especially, 1884-5) represented a potential social demand for increased welfare provision. On the whole, however, welfare expenditure remained at a relatively low level compared with that in the twentieth century, and it was principally the demands of the imperialist empire that made the earlier, if never fully realized, policy of cheap and inactive government historically impossible.

Even so, prior to the 1914-1918 war, the state took few immediate steps to directly intervene in the economy, and intervention was still reserved for exceptional circumstances.(8) The outbreak of war itself produced no great initial changes. By 1916, however, the new government of Lloyd George imposed detailed and wide-ranging controls on the economy, involving intensive powers of requisition and acquisition, as well as direct wage-fixing.(9) Even prior to 1914 state support for enterprises such as the Anglo-Persian Oil Company and Cunard had been established. After the war, similar support was extended to sectors such as air -transport, radio-communications and broadcasting. Such interventions, intended primarily to render private industry more efficient, were aspects of a tendency toward state-supervised "trustification", a process which continued into the 1920's.

Rapid de-intervention followed the 1918 peace, but Britain's internationally weakened position led, especially during the inter-war Depression, to the construction of a web of national protection. Preference and bilateral agreements were developed by the state, along with increased intervention in the especially crisis-prone industries.

GROSS DOMESTIC FIXED CAPITAL FORMATION (£m. AT 1958 PRICES.)		
YEAR.	TOTAL.	OF WHICH PUBLIC SECTOR
1924.	1,324	312
1926.	1,411	461
1928.	1,643	439
1930.	1,667	482
1932.	1,394	418
1934.	1,754	393
1936.	2,029	532
1938.	2,518	670

(10)

Compared with an average of about 20 per cent over 1900-14 (see reference (8)) the portion of fixed capital formation in the public sector was persistently high during the inter-war years, rising from about $\frac{1}{4}$ in 1924 almost $\frac{1}{3}$ by 1938. The statification of production in other words, had advanced considerably after the 1914-1918 war and continued to develop throughout the inter-war period.

These aspects of state interventionism embody the definitive abandonment of the attempt to maintain the liberal economy with the abandonment of Free Trade in 1931. State funds, in the form of grants or loans, were granted in order to encourage industry to rationalize.(11). The 1939-1945 war, further, impelled a highly state-planned and-managed economy, with government acceptance of responsibility for overall planning and accoordination. Considerable dismantling took place immediately after 1945, but the nationalization and welfare policies of the post-war Labour government were unprecedented in terms of peacetime state expenditure. The scale of state involvement in the working of the economy and social structure reflected and constituted the essence of the development of the "mixed economy." That the post-war pattern of expanded state expenditure and intervention is indicative and expressive of a fundamental instability in British capitalism will be our main contention in the following section. We will then examine the dynamics of that instability in terms of developments in the productive infrastructure.

THE HISTORY OF STATE INTERVENTION IN BRITAIN. REFERENCES.

1. H. Radice and S. Picciotto (1971), 36.
2. A. Skuse (1970), 1.
3. The 1660 Act declared that:

 " no goods or commodities whatsoever shall be imported into or exported out of any lands, islands, plantations or territories to his majesty belonging or in his possession in any other ship or ships, vessel or vessels as do truly and without fraud belong only to the people of England or Ireland ...". (R.H. Tawney et al, 1920).
4. The Staple Act decreed that all European products destined for the colonies were required to pass through England, as were certain goods travelling from colonial plantations to Europe.
5. E.J. Holsbary (1972), 232.
6. Ibid., 233. The generally supportive role of the state during this period is also stressed in B. Supple (1971), 17-25.
7. H. Pelling. (1963), 29-32.
8. Gross public sector fixed capital formation, for example, was relatively low between 1900-14, remaining at about 20 per cent of total.

GROSS DOMESTIC FIXED CAPITAL FORMATION (£M. at 1958 prices).

<u>YEAR.</u>	<u>TOTAL .</u>	<u>OF WHICH PUBLIC SECTOR.</u>	
1900	1,338	220	
1902	1,473	312	
1904	1,420	269	
1906	1,348	209	
1908	926	167	
1910	955	167	
1912	958	168	
1914	1,084	188	(London and Cambridge Economic Service, 13).

9. A. Skuse (1970), 21.
10. As (8)
11. A. Harrison (1968), 60-68

POST-WAR STATE-INTERVENTION AND THE STRUCTURE OF BRITISH CAPITALISM.

"On the whole social reforms are never conditioned by the weakness of the strong; they must and will be brought to life by the strength of the weak". (1)

"Governments, of course, cannot subsidize anything; they can only see to it that one part of the economy subsidizes another part, that socially - available profits are distributed in such a manner as to enable the prevailing society to function". (2)

Over the last half century, and particularly since 1945, the state has assumed an unprecedented interventionist role in the British economy, as the following table indicates.

<u>YEAR.</u>	<u>PUBLIC EXPENDITURE AS A PERCENTAGE OF GROSS NATIONAL PRODUCT.</u>
1913	13.5
1923	27.5
1933	30.0
1948	40.2
1953	44.5
1958	40.6
1968	52.1

(3)

As a percentage of G.N.P., public expenditure had almost tripled from its 1913 level to 40.2 per cent by 1948, and had risen to over 50 per cent by 1968. Measured as a proportion of Net National Income at factor cost the rise is even more striking. Using that mode of measurement, total government expenditure (Central and Local) rose from 26.5 per cent of National Income in 1929 to 40 per cent in 1958 and 54.5 per cent in 1968, falling slightly to 54 per cent in 1973. (4)

The actual forms of state intervention in the post-war economy have been varied. The state has intervened directly in the form of nationalization, assuming direct responsibility for a number of key areas of the economy as part of a more general strategy to provide a second infrastructure for the rest of the system. (5) This sector of the economy accounted for as much as 50 per cent of all capital formations by the late 1960's. (6) In other areas the state has intervened less directly, attempting to maintain stability and growth through the application of Keynesian-type monetary and fiscal policies. In addition, it has attempted to draw

the Trade Union movement into a system of wage-planning so as to assist the process of private capital accumulation. More recently, it has to an increasing extent provided direct financial aid for bankrupt or near-bankrupt sectors of private industry. In general, the state has been important in the fields of defence and research, providing a guaranteed market for firms engaged in armaments, electronics and other related industries. These last two state functions were both dramatically illustrated by the aid given to the Ferranti firm during 1974-75.

To some extent, this increased level of state interventionism has been a result of and a response to working class pressure for higher wages, improved social services and security of employment after the experiences of the 1930's. Unlike, for example, the German Labour Force which had been both politically and economically weakened by the corporatist period of fascism, the British working class openly expressed its new aspirations in its return of a Labour Government in July 1945. That government rapidly committed itself to reformist policies, as is evident from Herbert Morrison's statement to the Labour Party Conference that his party's social reforms would depend upon "greater efficiency in industry, greater production and a greater national drive in industry". (7) Fundamental social reforms were, nevertheless, carried out in the years immediately following 1945. Earlier rearmament and the war itself had eliminated unemployment by 1941, and throughout the war Trade Union membership rose dramatically to over 8 million, (an increase of more than 2½ million). Actual earnings, moreover, rose considerably more rapidly than did prices, although this was primarily the consequence of overtime and shift work. (8) Government taxation policies, furthermore had a redistributionist effect during the war, even though this was largely due to technical necessities rather than any radical social impulse. Greater progressiveness in taxation, that is to say, was primarily the result of the need to pay for the war. (9) The return to peace, nevertheless, saw the return of a Labour Government, with a decisive parliamentary majority, committed to a wide range of social reforms. Nationalization brought some 20 per cent of industry under public ownership, and reforms in education, health, pensions and unemployment benefit, among other areas were introduced. In the long term the redistributionist content of these changes was in fact negligible. Even so, it is questionable if they would have taken place without the heightened aspirations of an organized labour force finding expression in the post-war policy and economy. As Henry Pelling observes:

"The Union leaders ended the war feeling that they had earned a right to a say in the reconstruction of British Society and industry. With their increased membership and national prestige, they looked forward to the post-war era with high expectations". (10)

At the heart of capitalist expansion, however, is the process of capital accumulation and extended reproduction. From the viewpoint of the system as a whole, consequently, the most fundamental aspect of the post-war state-interventionist programme is the transparent inability of Britain's traditional forms of capitalist organizations to restore the conditions of normal expansion. European and British economic recovery took place, as we have seen, under the hegemonic umbrella of American aid. Within that context, the pattern of British state intervention constituted a crucial aspect of the "domestic" side of capitalist restoration.

When compared with the 1933 level, government expenditure on economic services had, by 1948, barely risen (6.8 per cent and 6.9 per cent of G.N.P. respectively). At first sight, moreover, the share of economic expenditure on capital expenditure (2.2 per cent of G.N.P., rising to only 4.4 per cent by 1968) appears small. (11) The changes that took place in the British economy over this period were fundamental, however. The various nationalization projects undertaken immediately after the 1945 left some 20 per cent of industry under public ownership. (12) The profitability of the newly-nationalized industries, moreover, was on average about one third of that of private industry before the war. Compensation to original owners was high, and when nationalized the industries in question proceeded to supply commodities to the private sector at prices below those that could have been possible under continued private ownership. The recurrent deficits of the National Coal Board, British Rail and the nationalized airlines are linked directly to the provision of cheap products, the payment of compensation, the initial unprofitable position of the sectors in question, and the payment of interest on borrowings for investment. The price of coal, for example has been raised considerably since nationalization in 1946, but rises have been persistently delayed or limited for national economic reasons and deficits accordingly incurred. One writer summarizes the overall relation between the nationalized industries, the state and private capitalism in the following way:

"The statutory obligation to break even does not forbid profits, but it clearly does not envisage them on any large scale, and it has discouraged some industries from exploiting monopoly advantages when they could do so; there has been Government pressure to keep down prices to check inflation The upshot of these restrictions - often economically sound in isolation - has been that industries which got into difficulties found it very difficult to get out of them". (13)

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Post-war nationalization, that is to say, assumed the form of a state-subsidized support to national capital as a whole, the system retaining its essential features, in particular the dominance of the profit motive, despite some necessary changes in legal ownership. The "private" and "public" sectors of the mixed economy are both aspects or components of the totality of social capital, itself located within a wider capitalist system of international proportions. The economic practices of the two departments, (as well as the state itself) are closely interwoven and do not operate independently. This structure of relationships is particularly clear in the case of the expanding field of direct state aid to private industry. During 1969-70, a total of £1,700 millions of such aid was given, a sum which comprised of almost 10 per cent of all public expenditure and was the equivalent of $\frac{1}{2}$ of all private sector fixed capital formation excluding dwellings. (14) In the four years following from April 1970, the state returned to industry in the form of financial aid, about $\frac{1}{2}$ of the taxation it had paid to the government. "Or put in another way, government has been financing just under one half the payment of dividends to shareholders". (15).

The primary purpose of state aid on this scale has been to promote capital investment in areas where private capital is unwilling or unable to invest or even sustain its immediate liquidity position. An explanation of the relationship between state and private industry must, accordingly, centre on the political economy, of the capitalist structure as a whole. This is our concern in two later sections, "Profitability and British Capitalism" and "The State and the Falling Rate of Profit". (16) Our intention in the preceding pages has been to indicate the specifically capitalistic character of the prevailing forms of state economic intervention in Britain. In particular, present nationalization, through a complex of pricing and investment tactics, represents in essence the nationalization of profitability in the interests of national capital as a whole. (17) Accumulation, of which the classical entrepreneur need no longer be the immediate executor, is promoted, sustained, organized and subsidized by the economic practices of the interventionist capitalist state.

Within the total expanded area of public expenditure, the share allocated to social services rose from about one third to almost $\frac{1}{2}$ of the total in the 50 years up until 1968. The rise of this portion of state expenditure was especially rapid during the 1960's.

<u>YEAR.</u>	<u>SOCIAL SERVICES AS PERCENTAGE OF G.N.P.</u>
1933	12.5
1948	18.6
1953	18.8
1958	18.2
1968	26.0 (18)

By 1968 Social Services expenditure amounted to over twice that of 1933 as a proportion of G.N.P. The background to this increase was the generalized wish for social reforms to satisfy the wartime and post-war aspirations of the labour movement, in particular its organized sections. The Beveridge Report and the 1944 White Paper on Employment Policy embodied this new note in state policy. The introductory sentence of the White Paper, drafted during the period of coalition government, states that

"The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war". (19)

The clear and stated intention of the White Paper was to avoid a repetition of the interwar experience. Mainly concerned with the problems of transition from war to peace, it expressed fear of an inflationary boom followed by slump, as had occurred after the 1914-18 war. Its authors expected cyclical fluctuations in effective demand and aimed, through state policy, to offset them via public expenditure and variations in national insurance contributions, both of which were innovative and outside traditional budgeting policy. The Paper had a pronounced Keynesian character, as Beveridge recognized when he characterized it as "a public works policy". (20).

Beveridge's own document "Full Employment in a Free Society" was more radically and consistently Keynesian, however, Beveridge anticipated not a series of economic cycles and fluctuations, but rather a chronic tendency toward a "general deficiency of aggregate demand". (21) To deal with the resulting stagnation Beveridge outlined "a long term programme of planned outlay directed by social priorities and designed to give stability and expansion to the economic system". (22) Such a programme would socialize demand through the expansion of total outlay, both public and private. Proposals such as these were not unprecedented, but their correspondence with a widespread desire for social reform gave them a particular social relevance, a relevance which found expression in the pursuit of full employment and the expansion of social welfare provisions which characterized the post-war years.

The major component in the increased share of G.N.P. allocated to the social services has been that of free provision rather than social insurance. The conception of "free" is problematic in this context, however, meaning simply that the majority of received services are not paid for directly. What, if any, redistributionist effect they have is dependent upon a wider structure of payments and exchange relations, in particular that comprising the taxation system. In the context of British policies, any egalitarian tendencies deriving from the effects of taxation would be expected to be most pronounced during periods of social democratic rule. The 1964-70 Labour government took no such steps to redistribute the national income through taxation, however.

<u>WEEKLY INCOME BEFORE TAX.</u>	<u>PERCENTAGE OF INCOME PAID IN TAX.</u>	
	<u>1964.</u>	<u>1968.</u>
<u>£.</u>	<u>%.</u>	<u>%.</u>
5	22	23
6	24	25
7	31	27
9	28	27
11	29	30
13	30	32
16	30	34
19	30	35
23	30	36
28	31	35
34	32	36
40	32	36
50	33	37
60 and over	38	36
ALL INCOMES	31	35

(23)

That the portion of income paid in tax rose almost proportionally for all incomes (over £13 per week) except the very highest, over the four years of social democratic rule between 1964 and 1968 demonstrates that the occupancy of government by the Labour Party had absolutely no redistributionist effect through the taxation system. The decline in the proportion of income paid in tax by the highest income category from 38 per cent to 36 per cent moreover actually indicates a regressive tendency. It is, furthermore, a commonplace that opportunities for tax evasion are disproportionately present at the highest level of incomes, compounding the regressive shift over the four years in question. The virtually uniform tax rate for all incomes

over £16 per week in 1968, finally, also refutes the widely held but erroneous views that the British tax system is progressive. (24). The taxation system, in sum, acts as a crucial buttress to systematic social inequality which, as is amply documented, has not been substantially altered in Britain or in the capitalist world as a whole over the last half century. (25)

More recent data gathered by Dr. Jackson et al, confirm that the prevailing pattern of state findings and welfare provision is of a non progressive character. Benefits provided for the lower paid, moreover are more than offset by total tax deductions, indicating an overall worsening of lower class real disposable income in so far as the effects of state welfare provisions are concerned.

SIZE OF HOUSEHOLD.	INCOME ADJUSTED FOR TAX AND BENEFITS AS A PERCENTAGE OF ORIGINAL INCOME BY HOUSEHOLD SIZE.		
	1961-4	1965-8	1969-70
1 Adult	104	103	105
2 Adults	82	80	77
2 Adults, 1 child	81	78	76
2 Adults, 2 children	90	86	82
2 Adults, 3 children	101	96	93
2 Adults, 4 children	112	109	106
ALL HOUSEHOLDERS IN SURVEY	87	84	82 (26)

The sample for all households together, as well as each one separately with the exception of the single adult category (the authors suggest that changes in tax exemption allowances in 1969 may have especially benefited widows and widowers and accordingly been responsible for this exception to the general pattern), indicates that the overall ratio of benefits - received to taxes - paid fell throughout the 1960's. Since, moreover, the majority of households in the survey were those of employees, it is particularly the case that the falling trend of benefits to taxes was experienced by wage-earners. (27) Wage-earners as a group, that is to say, not only do not benefit relative to higher income groups from the prevailing tax-benefit patterns, but actually, with the sole exception of four children families, suffer an absolute loss in the process and increasingly did so during 1961-70.

While the rise in social services provisions in the post-war period has been at least in part a response to lower class aspirations and political pressure, its actual effects have clearly been quite the contrary to those that would result from any long-term redistributionist policy. The significance of the rise in state expenditure in general, and that on social services in particular, is, that the reproduction of British capitalism has become increasingly socialized within the movement of capital as a whole. Specifically, the reproduction of labour power has become progressively socialized through an unprecedented growth of state welfare provisions. Between 1958-73, public expenditure on housing and social services as a proportion of National Income rose from 20 per cent in 1958 to 27.8 per cent in 1968 and 30 per cent in 1973. This rise represents an increase of 1 per cent per annum over the most rapidly expanding years of 1963-68 and one of 0.66 per cent per annum over the period as a whole. The significance of this development is frequently overlooked, however. (28)

D. Yaffe, for example, has attempted to calculate the prevailing rate of surplus value in Britain on the basis of post-tax rather than pre-tax figures. Yaffe suggests:

"Taxation would have to be counted as part of the surplus - value produced by productive workers and only the net real wages after tax of productive workers could be regarded as variable capital. Such a calculation would give us some indication of the enormous increase in the rate of exploitation since the Second World War". (29)

In point of fact, the take-home wage alone no longer represents the entirety of necessary labour, or that required to reproduce the worker's labour-power, in conditions where state services play a significant part in that process of reproduction. This fundamental distinguishing feature of late capitalism renders Yaffe's estimation of the scale of the increase in the rate of exploitation over the last three decades problematic. The crucial point, however, is that the persistent rise in the extent of state intervention, both in the form of direct economic services and in that of welfare provisions, constitutes a reliable if imprecise barometer of a tendency that Marx repeatedly emphasized: that of the increasing socialization of the production and reproduction processes with the development of the capitalist mode of production. (30).

We have suggested that the increased state expenditure on social welfare after 1945 was at least in part a response to prevailing social and political aspirations, primarily among the labour force. Such aspirations, however, cannot in themselves account for the rise in state economic services to private capitalism during this period. Neither can they account for the continued prevalence of poverty and material deprivation, an aspect of the inegalitarian taxation - welfare complex that survived and possibly even intensified after the Second World War. (31) Both these developments, rather, are aspects of an attempt to resolve a structural crisis which, on the one hand, is symptomatic of late capitalism on a global level, but at the same time is proximately located in the context of the specific long-term secular decline of British capitalism within that wider environment.

The material basis of state interventionism, the "Etatisation of Labour power". (32), that is to say, is the economic necessity to offset the destabilizing effects of unaided private capital accumulation. The source of this unstable economic scenario is our concern in the following sections. It will be noted immediately, however, that persistent proposals, particularly from some sections of the Conservative Party (33), concerning substantial and thoroughgoing reductions in state expenditure both to private industry and social welfare would, if pursued, lead to a chronic disruption of the workings of British capitalism. The statification of the production and reproduction processes is too advanced to allow a cut in public spending on the advocated scale without engendering a social crisis of massive proportions.

THE BRITISH ECONOMY AND THE BALANCE OF PAYMENTS.

A long-term historical decline, we have argued, became apparent in the workings of the British economy before 1914 and continued into the post-1945 period, even though its full extent has, to some degree, been concealed by a general expansion of the world market. One form that this decline has taken, and which has been the object of an important aspect of state economic management, is the semi-permanent balance of payments crisis that Britain has experienced since the Second World War, a crisis which led to devaluation as early as 1949 and which has exacerbated the instability of Sterling as an international currency. Two proximate determinants of state economic intervention concern us in this context: the loss of invisible earnings, an important element of Britain's balance of payments difficulties, and the resistance and aspirations of the Labour force which have persistently undermined a series of largely ad hoc attempts to engender an export drive which could resolve those difficulties.

In the first place, the rate of economic growth since 1945 has been slower in Britain than in most West European countries, G.N.P. rising by some 75 per cent between 1948 and 1968, that is at an average rate of almost 3 per cent per annum.

<u>PERCENTAGE INCREASE IN GROSS NATIONAL PRODUCT</u> <u>AT CONSTANT (1958) PRICES.</u>							
1948		1953	4.6	1958	0.5	1963	4.6
1949	2.8	1954	3.8	1959	4.0	1964	5.9
1950	4.0	1955	3.0	1958	4.9	1965	2.6
1951	2.7	1956	1.9	1961	3.5	1966	1.7
1952	0.6	1957	1.9	1962	1.2	1967	1.5
						1968	3.0

(1)

The rate of growth has by no means been even and uninterrupted. Periods of rapid advance (especially 1948-51, 1953-5, 1958-60 and 1963-64) have been followed by periods of stagnating growth or recession. These fluctuations have, on international comparison, been especially pronounced and have exacerbated an already uncompetitive growth rate.

Prior to 1939 war, British capitalism relied to a large extent upon invisible earnings to maintain an overall surplus, but this source of income was in the main lost during the war years and after. (2) As a consequence, a rapid expansion of physical exports together with a stabilization of imports was necessary if Britain was to regain its place as a leading world power. Recent years have in fact witnessed a substantial growth in British overseas investment. (3) The background to this development which itself at least in part reflects a capitalist response to declining profits at home, is a steady long-term worsening of Britain's performance in the international market. R. Blackburn notes:

"a comparison of the percentage share of world exports of manufactures by the major capitalist powers gives a sharp picture of the ... decline of British Imperialism despite the high level of its continuing export of capital" (4)

Britain's share of exports of manufactures from the 12 major exporting countries has declined as follows:

<u>YEAR.</u>	<u>PERCENTAGE.</u>
1955	20
1967	12.3
1971	11.0

(5)

The fall in Britain's share between 1955-71 was, as the table shows, one of almost 50 per cent. A similar decline is apparent in Britain's changing balance of imports to exports. During the decade following 1956 the ratio of imports of manufactured goods to Gross Domestic Product rose from 4.1 per cent (1956) to 7.9 per cent (1966). (6) Britain's competitors experienced similar or even greater increases in the import-produce ratio, but to a greater or lesser extent they were offset by a rising export ratio, a pattern sustained by the long expansion in the world market. Britain's decline, that is to say, took place within and against the background of the development of the expanding international capitalist system of the post-1945 period.

A plethora of writings on the British economy have identified the balance of payments as the fundamental determinant of Britain's international weakness. S. Brittan, for example, suggests: "The underlying payments deficit of the 1960's had a debilitating effect in many ways: the never-ending crises, the continual recourse to international borrowing, the accumulated debt repayment obligations and the sense of chronic national weakness were all too evident". (7) Another study similarly observes "The weakness of the British balance of payments position acted,

and still acts, as a brake on internal economic growth". (8)

The initial post-war years witnessed a rapid reconstruction and reconversion of the economy onto a peacetime footing both in Britain and in Europe as a whole. Between 1945-50 the rate of growth of the G.N.P. averaged around 4 per cent per annum, a figure considerably higher than the pre-war rate as well as of that of the following years. During the years 1948-60, for example, national output grew on average by only 2 and three-quarters per cent. (9) In spite of the inflationary boom resulting from the Korean War and the ensuing period of readjustment up to 1952, Britain's economy continued to enjoy sustained expansion until 1955. The balance of payments crisis which followed the Korean War, however, revealed and highlighted the weakness of Britain's payments situation, a weakness which the export drive policy after 1945 and the 1949 devaluation had in no way fundamentally resolved. (10)

Beneath the widespread optimism engendered by the attainment of full employment and rising real incomes a serious economic deterioration was developing. Prices, began to rise at persistently more rapid rates than they had in earlier years.

PRICES SINCE 1900 (1661 = 100).			
1900	79	1950	234
1910	84	1955	287
1920	270	1960	322
1930	104	1965	379
1935	103	1970	474
1940	152	1973	594
1945	191		

(11)

Rapid price rises had occurred at earlier periods, most notably 1910-20 and 1935-40. From the 1940's onward, however, the secular fall in the purchasing power assumed a steadiness, at a relatively high rate, which persisted until the inflationary explosion of the mid-1960's and after. This pattern of high and persistent inflation was well established by the 1950's, inflation averaging between 4 and 5 per cent during 1946-58.

Against this inflationary background the ratio of imports to exports, as we have noted, became adverse and Britain's balance of payments became increasingly critical. In addition to the factors identified above, Britain's position relative to countries such as Germany and Japan, which were prevented by the allied powers from re-arming, was weakened by the increase in military expenditure from the late 1940's onward.

<u>PUBLIC EXPENDITURE ON MILITARY DEFENSE.</u>	
<u>YEAR.</u>	<u>£ MILLION AT CONSTANT PRICES (1972).</u>
1948	1,884
1949	1,930
1950	2,071
1951	2,602
1952	3,271 (12)

While military expenditure had been rising from 1948, the 1950-2 increase was especially high at over 20 per cent per annum. The decade following 1945 was a crucial period for global capitalist recovery and Britain's relatively high level of armaments expenditure, diverting resources from productive capital investment, exacerbated her already deteriorating international competitive performance. As early as 1935 Britain's current account registered a slight deficit. The 1939-45 war confirmed this tendency, over £1,000 million of capital invested abroad being liquidated to pay for necessary war imports. In addition, key Latin American and Asian markets were abandoned in order that the British owned factories which served them could be converted to munitions production. British merchant marine, previously an important source of invisible receipts, furthermore, suffered heavy losses through wartime sinkings, and the state incurred heavy debts in North America and throughout the Sterling area. (13)

The post-war liberalization of trade opened up Britain's protected markets in the Commonwealth to overseas competition, and world demand for British goods fell in line with her weakened competitive position. 1955 saw a current account deficit of £157 millions, but it was followed by a surplus in 1956 and the period of 1953-59 saw an overall surplus of over £1,000 millions. From the late 1950's however the balance of long term payments deteriorated and began to manifest itself openly. The 1960 £265 millions deficit was not eliminated the following year, and the 1962-63 saw only small surpluses, well below those of the mid 1950's. 1964-68, moreover, showed large deficits in every year, totalling over £1,300 millions. Britain's payments situation has progressively worsened since then, overseas debts being incurred at an annual rate of 5½ per cent of G.N.P. by 1975. (14).

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Domestic investment funds flowed disproportionately into land and buildings, exacerbating Britain's relatively low level of productive industrial expansion.

(15) The Labour government's 1947 Town and Country Planning Act, intended to curb these activities, had left a number of important loopholes. In particular, developers who obtained a building licence avoided the newly imposed building development charge if they began work before July 1st, 1948. War-damaged buildings, moreover, could be restored without any planning permission at all. Even these limited controls were relaxed during the period following a Conservative rule, and planning permission for building, especially that for office facilities, rose steadily over 1951-55. (16)

The state thus played a significant part in deflecting potential funds for productive industrial investment into often speculative and parasitic property development, as well as into armaments manufacture. That this was to a large extent an aspect of a wider policy, mainly pursued during the Conservative rule during the 1950's, is evidenced by that administration's not inconsiderable success in restoring the traditional role of the City. During those years the Conservative government re-opened the London commodity markets, re-established the convertibility of Sterling, permitted the large scale export of capital, and restored the role of the capital market in the allocation of domestic investment funds. (17) The capital market, however, directed funds not predominantly into manufactures and industry, but to a large extent into profitable property development or overseas. (18) The years following 1948 had witnessed a progressive dismantling of the wartime system of economic controls. This trend was briefly reversed by both Labour and Conservative administrations during the 1950-52 crisis conditions. The dismantling process was continued in the following years, Conservative policy relying increasingly on monetary tactics, principally the use of the Bank Rate as a regulatory, for economic control. (19) The upshot of these policies, in an already deteriorated competitive context, has been a comparatively low level of productive investment, culminating in a series of progressively chronic balance of payments deficits.

The payments difficulties were further exacerbated by direct state intervention in the form of "stop-go" economic policy. Britain's economic policy between 1950-1960's, as has been pointed out,

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"followed a very characteristic zig-zag path unlike anything on the continent. This path is not the result of spontaneous - endogenous - trends, but is due, for the most part, to deliberate Government action, in rapid succession, alternately to restrain and to stimulate economic activity". (20)

Following the rapid 1953-55 expansion for example, the three years from October 1955 were characterized by relatively slack, or even falling, production. The role of the state in bringing about this reversal (its contribution in the earlier expansionist period had been one of relaxation of restrictions on investment and credit and a reduction in direct taxation) has been summarized by D. Winch.

"These cycles (i.e. expansion - contraction: D.B.) in turn impaired the growth of the economy by making long-term expansion in productive capacity difficult to sustain". (21)

The chronology of the "stop-go" sequence during the early 1960's was, briefly, as follows. By 1958 monetary convertibility had been realised on the basis of the Bretton Woods programme. In these changed conditions, British state economic policy shifted to one of medium-term planning. The overall payments deficit of 1960-61 prompted Lloyd George to advocate a longer-term plan, and in April 1961 the government proposed direct collaboration with industry in furtherance of such a plan. Letters were sent to the Federation of British Industry and the T.U.C. outlining proposals for new planning institutions. Central to these proposals were the establishment of a representative Council (N.E.D.C.) together with its technical bureau (N.E.D.O.). The F.B.I. gave immediate support, but expressed concern about giving the state a dominant role in the planning apparatus. By February 1962 majority T.U.C. support had been given even though the government had by this time proposed a "pay pause" in the interests of national economic recovery. (22)

The two bodies were formally set up in 1962, and achievement described by Selwyn Lloyd as "a major step in economic history". The N.E.D.O., smaller than the representative council, produced a series of "forward looks" for the economy as a whole and public expenditure in particular. From late 1963 a number of Economic Development Committees were established. Concerned with specific industries, they were designed to examine performance and plans and to consider possible improvement measures, although they were not invested with mandatory authority.

In October 1962, N.E.D.C. outlined a plan for economic development up to 1966. (23) G.N.P. was optimistically proposed to be raised by 4 per cent per annum, a goal which was far from realized, despite the relatively high increases in productivity during 1963-64. Domestic consumption was to be raised, but especial attention was given to increasing the annual rate of investment. Consequently incomes increases would be moderated firstly to allow increased investment, and secondly for balance of payments considerations. The target of an annual 5 per cent expansion of exports, depending on strong external demand; improved productivity and a restrained labour force, was crucial for the intended resolution of the payments situation.

The N.E.D.C. plan proved to be an unqualified failure, however. In 1962 the government did begin to introduce expansionary measures, most notably the easing of credit and hire purchase conditions, the removal of restrictions on banks' liquid assets, and the raising of public expenditure and of tax relief. Productivity rose at an exceptionally rapid rate during 1963, but adverse balance of payments conditions reduced expansion to 4 per cent during 1964. (24) Export demand fell and imports rose simultaneously. An important compounding factor was that there were relatively few unused productive resources available, the presence of which had contributed significantly to the prior expansion. Exports of manufactures rose in 1963, but an overall deficit of over £350 millions was registered the following year. The immediate determinant of this deficit was a merchandise imbalance, aggravated by an unfavourable movement in the terms of trade together with an untimely rise in long-term capital exports.

The Conservative plan in this way fell far short of its intentions and a Labour government was returned in October 1964. Inheriting a large balance of payments deficit, the new administration took immediate steps to deflate the economy while preparing a new plan to cover the period up to 1970. (25). A new Department of Economic Affairs took over from the Treasury a number of important responsibilities, including prices and incomes and regional planning. The Department's key function (its staff were drawn mainly from the Economic division of N.E.D.O.) was overall economic coordination and orchestration. Accordingly it laid particular stress on relations with private industry. Day to day responsibility for the administration of the plan was vested in the Board of Trade and the Ministry of Labour.

The target of the National Plan was a 25 per cent growth of G.N.P. over the 1964-70 period. The drafting document, recalling the failure of the earlier Conservative policy, expressed caution in the light of balance of payments difficulties. (26) The target an expansion of 3.8 per cent of G.N.P. per annum was certainly ambitious. Productivity improvement and an increase of labour mobility and skill were the dominant means intended to achieve that goal. The plan aimed at a rising ratio of

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exports to imports and the maintenance of the rate of domestic expenditure lower than that of the projected G.N.P. In addition, allowances and cash grants were provided for new investment in manufacturing and extractive industries. Government action, identified as a decisive influence on economic developments (27), was to operate in three main areas: the taxing of capital exports, cuts in official expenditure abroad, and flexible short-term demand-management. The latter, in particular, indicates the Keynesian assumptions that permeated the plan. The nationalized industries, finally, were to be an area for planned streamlining and improved efficiency.

The Economic Development Committees were an important aspect of Labour planning during this period. Their function was to prosecute plans in particular industries, nationalization and the substitution of home manufactures for imports being their goal. (28). Also, the Industrial Reorganisation Corporation was set up in 1966 with a view to aiding private firms, via financial aid, to undertake the reorganisation necessitated by the imperatives of technical progress and foreign competition.

The Labour government's various measures did not resolve Britain's long-term balance of payments weakness, nevertheless, and it soon assumed unprecedented and chronic forms. The incoming Labour administration imposed a special temporary 15 per cent levy on imports of manufactured goods, and in addition instituted a system of export bonuses in the form of tax reductions. There was little ensuing improvement in the competitiveness of British exports, however, and in November of 1964 an international loan of 113,000 millions was made available to the Bank of England in order to maintain the exchange rate of the pound and support sterling. James Callaghan negotiated loans both from the I.M.F. and directly from the United States Johnson administration in exchange, it will be noted, for a promise to introduce legislation to halt wage increases.

The readiness of the United States to provide loan facilities in order to avoid a devaluation of the pound is to be explained primarily in terms of the international role of sterling. Despite the dominance of the dollar as the major international trading currency, sterling still accounted for over one quarter of world trade in the immediate post-war years, and its importance was still substantial in 1964. The historical prominence of sterling, as the only international currency alongside gold during the 1870-1914 period, and Britain's large post-war debts combined, as J.E. Nash has pointed out, to keep sterling "locked in" as a means of international payments, performing an important banking role. (29) Britain's reserves, that is to say, have played a double role, both supporting domestic financial operations and providing liquidity for international bankers and traders who hold sterling, that is, hold claims on the United Kingdom. That these claims amounted to over £4,000 millions in 1964 as against British reserves of under £900 millions indicates the significance of

sterling's international role. A devaluation of the pound in these circumstances would have been destabilizing on an international scale.

The massive 1964 loan, nevertheless, brought no fundamental or lasting stability to the British economy. Export performance improved in 1965 and the pound was temporarily more secure, but by mid-1966 private investment had begun to stagnate and the government responded with a number of emergency measures. Investment grants, for example, were increased. The stabilizing measures left the structural imbalance in Britain's payments situation unresolved, however. A forced devaluation of sterling finally took place in November 1967. As early as 1966 however, it was clear that the National Plan had failed in its objectives. As one commentator has wryly summarized its hasty entry and exit from the shifting sands of the British economy: "Conceived October 1964, born September 1965, died (possibly murdered) July 1966" (30). Neither Conservative nor Labour administrations could devise an effective policy for planned economic growth which would not be undermined by Britain's long-term balance of payments difficulties.

It is apparent that the state deflationary policies associated with the "stop-go" sequence played a part in interrupting the phase of steady expansion that was projected by both major parliamentary parties as a desired goal for post-war Britain. Some commentators have suggested that state economic "management" was actually a destabilizing factor, aggravating the fluctuations that it was intended to moderate. This constitutes the qualified conclusion of J.C.R. Dowd's detailed analysis of the 1945-60 period. (31) J.M. Bristow, by contrast, suggests that taxation policies in particular did aid stability, but only minimally, as they were persistently applied too late to have their full effect. (32) Milton Friedman supports this view, suggesting further that "too late and too much" has been the general practice internationally. (33) Whichever of these views and variants is in fact the case, however, the very practice of state economic orchestration, and in particular the "stop-go" form that it has assumed in post 1945 Britain, is only explicable against the background of an enduring balance of payments problem, an imbalance that has persistently disrupted government ambitions of attaining sustained and competitive economic expansion.

Working class aspirations, expectations and demands, we suggested earlier, have been a significant factor in preventing post-war governments of all political complexions promoting a necessary export drive in order to resolve Britain's long-term uncompetitiveness. The economic effects of lower class aspirations can be identified from a breakdown of changes in total national expenditure.

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COMPONENTS OF TOTAL FINAL EXPENDITURE (AT FACTOR COST)

<u>PERCENTAGE ATTRIBUTABLE TO</u>	1953-6	1957-60	1961-4	1965-8	1969-70
1. Consumer expenditure	52	53	52	50	48
2. Public authority current expenditure	15	14	15	16	16
3. Gross domestic fixed capital formation (plus physical increase in stocks).	13	15	16	17	16
4. Exports, goods and services	19	19	17	17	20

(34)

Faced with recurrent payments deficits, British Governments have responded in two principal ways, in addition to tackling productivity, by attempting to curb total domestic effective demand, or at least its rate of increase, and to raise the share of resources allocated to exports. As column (1) in the above table indicates, some success has been achieved in the former field. Having been virtually static before the mid-1960's the share of consumers' spending in total final expenditure fell, though not dramatically, from 52 per cent in 1961-64 to 50 per cent in 1965-8 and 48 per cent in 1969-70, an overall fall of 4 per cent for the ten years in question. Concerning the allocation of resources to exports, on the other hand, there was an actual decline from the mid-1950's onward from 19 per cent in 1957-60 to 17 per cent over the period covered by 1961-68. This decline was only reversed after the 1966-67 wages policy of severe restraint and the 1967 devaluation, which together served to raise this share of total national expenditure to 20 per cent between 1969-70, its highest level during the whole period since the early 1950's.

The increased share of investment indicated in this table, furthermore, is deceptive. Productive industrial investment is of especial relevance to Britain's competitive position in the international capitalist economy. The larger part of this investment takes place in the corporate and public sectors, and the following break-down, assembled by the same authors, indicates a less impressive performance in this area than the tendency suggested by the "blanket" figures in column (3) of the preceding table.

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SHARES OF GROSS DOMESTIC FIXED CAPITAL FORMATION
BY SECTOR (AT MARKET PRICES).

PERCENTAGE OF TOTAL G.D.F.C.F. BY SECTOR	1953-6	1957-60	1961-4	1965-8	1969-70
PERSONAL COMPANIES AND PUBLIC CORPORATIONS	17	16	16	14	13
CENTRAL GOVERNMENT AND LOCAL AUTHORITIES	57	64	62	60	60
	26	20	22	26	27

(35)

The decline in the shares of total fixed capital formation in the Companies and Public Corporations sector from 64 per cent in 1957-60 to 60 per cent by 1969-70 suggests that directly productive domestic investment, as a share of total investment, declined during the 1960's even though it never fell back to the low level of the early 1950's.

The real but small fall in the share of consumers' spending within total national expenditure being inadequate to offset the sustained weakness in the investment and exports sectors, and thereby improve the balance of payments situation, successive governments have attempted in various ways, both statutory and voluntary, to find a solution in an operational prices and incomes policy. The post-war history of such attempts spans such diverse examples as Stafford Cripps' 1948 appeal for voluntary restraint, Selwyn Lloyds' "pay pause" of 1961, the Labour government's National Board for Prices and Incomes, the following Conservative administration's 1971 Industrial Relations Act and the present precarious if not already irrelevant "Social Contract". A. Flanders suggests that "impending balance of payments difficulties have been the principal factor in pushing governments into action over wages". (36) While such considerations have undoubtedly been a major proximate determinant of incomes policy, we will contend in the following sections that the balance of payments problems are in themselves an aspect or consequence of a more fundamental crisis in British capitalism. Concerning state monetary policy, Winch points out

"The balance of payments and the defence of a particular exchange rate provided the usual reasons for changes of direction in British fiscal and monetary policy - changes which created the stop go cycle" (37)

Beneath the immediate balance of payments fluctuations, that is to say, was the weakness of sterling, itself symptomatic of Britain's economic decline. The importance of the balance of payments to a national economy, a factor emphasised in

different ways by economists from the Mercantilists onwards, derives in the most general sense from the division of the capitalist world into more or less overtly antagonistic nation states, and from their uneven dynamic development and relations. Representing the totality of international transactions of a country's residents, companies and states, it is indicative of relative national economic performance in the global context. Against the historical background of relative decline in the world economy, the British post-war balance of payments difficulties have been compounded by and derive their dominant content from movements in the structure of corporate profitability. A fundamental question of methodology is at issue here. Plekhanov, drawing on Hegel's logical doctrine, distinguished clearly and profoundly between the "form" of an object and its "appearance". "Form", as distinct from mere "outer form", relates to the "law" or "structure" of the object in question. (39). In the case of the capitalist mode of production, the crucial structure is the production and appropriation of surplus value in the context of the law-like domination of capital. In this process the realization of profits constitutes both the yardstick of capitalist success and the motor force of the system's expansion. The profitability of British capitalism, the concern of our following chapter, is the foundation and cornerstone of all economic practices, including those of the state, within the British economy, subject of course to the international structure and movement of capital. As such its importance for our thesis cannot be overestimated.

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THE BRITISH ECONOMY AND THE BALANCE OF PAYMENTS. REFERENCES.

1. E.V. Morgan (1969), 11. See also A. Peaker (1974), 7-11.
2. See Section 1, "International Capitalism and the Secular Decline of Britain".
3. B. Rowthorn (1971a). A. Glyn and B. Sutcliffe (1972), 148.
4. R. Blackburn (1971).
5. A. Prest and D.J. Coppock (1972), 118.
6. S. Brittan (1971), 439.
7. Ibid., 456.
8. J. and A.M. Hackett (1968), 22.
9. J.C.R. Dow (1964), 394. See also E.V. Morgan (1969), 10-11.
10. See J. Mitchell (1963) for a discussion of the post-Korean War payments crisis in Britain.
11. "The Economist", Vol. 252, No 6829, July 1974.
12. F. Allaun (1974), 5.
13. See Section 111, "The United States and the Reival of Capitalism," reference 4.
14. P. Oppenheimer (1975).
15. J.C.R. Dow (1964), 75-6.
16. O. Marriott (1969), 14-5. For figures on office floorspace permitted in new buildings, rebuildings, and extensions during these years, see Appendix 3, p. 312.
17. J. AND A.M. Hackett (1968), 65-6. J.C.R. Dow (1964), 149-153. "Cambridge Group" paper (undated), 11.
18. A similar development followed the Conservative government's easy credit policy, intended to engender an export-led boom, in the early 1970's. The annual percentage increase in the money supply, defined broadly in terms of currency in circulation and sterling current accounts plus all other resident deposits with banks and discount houses, rose dramatically from 9 per cent in 1969 and 10.5 per cent in 1970, to 13 per cent in 1971, 18.5 per cent in 1972 and 26 per cent in 1973 (I.E.A., 1975, chart 7). Rather than financing industrial investment, however, the increased supply of money was disproportionately utilized by property developers and speculators ("Sunday Times" report, 25th August, 1974). The general dearth of productive investment in recent years has led A. Walters to warn that "our industrial wealth is eroding away". (A. Walters, 1975, 101). The essential expression of this erosion is the openly recessionary turn of the British economy during 1974-5.
19. D. Winch (1972), 300-2.
20. J. AND A.M. Hackett (1968), 44-5.
21. D. Winch (1972), 304. See also J. AND A.M. Hackett (1968) 47.
22. Stafford Cripps, in fact, had appealed for the voluntary limitation of wages, prices, profits and dividends as early as February 1949.
23. "Growth of the United Kingdom Economy to 1966", H.M.S.O., February 1963.
24. J. AND A.M. Hackett (1968), 122.

25. "The National Plan", H.M.S.O., September 1965.
26. Ibid., iii.
27. Ibid., 2.
28. Rationalization and the ideal of increased productivity have continued to dominate Labour Party policy in the post - "National Plan" years. See section V, reference 7.
29. J.E. Nash (1969), 49-52.
30. R. Opie, Quoted in T. Cliff (1975), 45.
31. J.C.R. Dow (1964), 397-9. See also S. Brittan (1971).
32. J.M. Bristow (1968).
33. M. Friedman (1968).
34. D. Jackson et al (1972), 84.
35. Ibid., 85.
36. A. Flanders (1970), 104-5.
37. D. Winch (1972), 304.
38. G.V. Plekhanov (1973), 46-7

PROFITABILITY AND BRITISH CAPITALISM.

The key to the post-1945 problems of British capitalism, we have suggested, is to be found in an examination of recent trends in profitability. In earlier sections we indicated the historical roots of Britain's uncompetitive position in the international economy, in particular: its overseas orientation and a comparatively large parasitic sector. The balance of payments difficulties which have persistently been the expression of Britain's secular decline, especially from the 1930's onward, have been magnified, and attempts to resolve them obstructed by, developments in the pattern of corporate profitability.

Two particular problems face an attempt to assess movements in profitability from our perspective. In the first place Marx's laws, as he repeatedly emphasized, are tendential, relating to long term historical processes which find expression in uneven and irregular forms. Caution should accordingly be taken to avoid the mechanistic error of identifying a short or even medium term movement as "proof" or "disproof" of the proposition in question. (1) In addition, economic data as typically processed and assembled is not presented so as to directly "fit" the categories of Marxist political economy. There is an inherent element of imprecision in the tendencies that are indicated by such data, an imprecision which exacerbates the problematic character of the Marxian laws. We are not, in short, dealing with a precise or exact science.

Given these qualifications, however, the categories with which we are concerned do purport to relate to real movements and developments in capitalist society, and while imprecision is an insurmountable problem, identifiable trends as recorded by conventional means of measurement constitute a useful if imperfect barometer of the processes at work. The categories of political economy provide the theoretical framework for an analysis of those developments.

A number of seriously conflicting evaluations of recent trends in the profitability of British capitalism have been made in recent years. Glyn and Sutcliffe's influential study documents a pronounced downward trend through the post-war years, a trend they see to be of crisis proportions. (2) Panic and Close, by contrast, contend that such estimates are exaggerated and that the pre-tax decline in profitability had ended by the 1960's, although the post-tax decline continued. (3) Much of the variations in the findings of these studies derives from differences in the definitions of profitability that are used. Before evaluating their different conclusions we will clarify precisely what the rate of profit represents, and on the basis of this clarification identify the sources of the conflicting claims of the studies in question. In particular we will consider the relationship between Marx's law of the falling rate of profit and his theory of capitalist crisis.

A tendency for profits to decline over time was identified by political economists prior to Marx's formulation. Adam Smith discerned it in "the known fall of the longterm interest rate". Smith's explanation centred on the market forces of supply and demand, competition among sellers being the mechanism by which their profits were lowered. (4). For Ricardo the decline in profits resulted from growing population pressure on scarce land resources, above all on the supply of corn. Such pressures generate a rise in the price of corn, which in turn results in wages and rent increases, all at the expense of industrial profits. (5) Neither saw it as fatal to the capitalist system, although Ricardo perceived it to be a more enduring problem than did Smith. Neither, however, attached to the tendency the significance that Marx did.

Unlike both Smith and Ricardo, Marx's account and explanation of the falling rate of profit locates it at the heart of the process of capital accumulation. The relative rise in the value of constant capital (machinery plus raw materials) as against that of variable capital (labour power) which accompanies the revolutionizing of the means of production under capitalism reduces the role of direct, living labour, the source of all new value, in the production process. Assuming a constant or increasing rate of exploitation, however, surplus value in the form of profit depends precisely upon the proportion of living labour power embodied in commodities. The dynamic of capitalist development itself is thus the basis of Marx's law.

It would, however, be incorrect to view the working of the law as either a mechanical or a linear process. Marx's concern was, in the first place, with the social relations of production of capitalism, relations which appear on the surface of society in the form of relations between "things" (commodities). Their only common quality, the source of their value, is that they are the products of abstract labour, the quantitative measure of which is time. The concept "value" expressed in social processes as exchange value, is, in other words, both logically and historically subordinate to the commodity and the social relations of production that it embodies. (6) To reify the category value and construct a deterministic historical model on its basis is to abstract it from its source and context, the living relations and conflicts of men and classes.

In Volume I of Capital Marx develops the basic equation that the Rate of Surplus Value = $\frac{s}{v}$, where s = surplus value and v = the value of labour power or variable capital. Another way of expressing this formula is to say that the Rate of Surplus Value = $\frac{\text{surplus labour}}{\text{necessary labour}}$. In this version necessary labour is that expenditure of labour

power necessary to sustain the worker in a given historical situation, and surplus labour that over and above the level required for the reproduction of labour power. (7)

The rate of profit, on the other hand requires a different formula. Marx's equation for this aspect of the labour-capital relationship is Rate of Profit = $\frac{s}{v + C}$ where C = the value of constant capital. (8) The rate of surplus value thus expresses the ratio of surplus-value to labour power or variable capital, whereas the rate of profit measures the ratio of surplus-value against total capital employed, the constant portion included. Marx indicates that the two formulae constitute "different measures of the same entity" (9) The difference, however, is crucial. The introduction of C into the equation for the rate of profit introduces the question of the organic composition of capital. The organic composition is the value composition of capital in so far as it reflects its technical composition, or the relation between the respective quantities of labour and raw materials incorporated in the process of production. (10).

Now as value expresses living labour embodied in commodities, a diminution of the variable portion of capital will, given a constant rate of surplus-value (s), lead to a reduction of the rate of profit. It is precisely this tendency, grounded in changes of productive technique, for labour power as against constant capital to perform a progressively smaller function in the process of production that underlies Marx's twin theses of the rising organic composition of capital and the falling rate of profit. For the capitalist, productivity is raised through the reduction of the paid part of purchased labour power. The share of living labour is reduced, while that of past or dead labour in the form of constant capital is increased. The purpose and content of increased labour productivity, however, is that the total quantity of labour embodied in a particular commodity declines. The portion of living labour, that is to say, declines at a faster rate than that of past labour declines. (11) The mechanism by which this process works is that the individual capitalist, working in a competitive environment, is able, with an advance in the methods of production, to temporarily produce commodities at a below average cost and, by selling them at their prices of production, realize increased profits. He is able to do this because, while he has a monopoly of the improved productive technique, the socially necessary labour-time required to produce commodities in his enterprise is less than the average social level. In the absence of the means to maintain his monopoly, the competitive diffusion of productive technique removes the progressive capitalist's advantage; however, and his rate of profit returns towards a correspondence with the social average. (12)

This process of technical improvement in the methods of production, by its diminution of the quantity of labour power embodied in commodities, necessarily leads to an increase in the relative proportion of constant capital incorporated in the production process and hence to a rise in the organic composition of capital. As Marx observed:

"The increasing productivity of labour (in so far as it is connected with machinery) is identical with the decreasing number of workers relatively to the number and extent of the machinery employed. (13)

The objection that technical innovations may be capital-saving as well as labour-saving is fundamentally misconceived. Where it does take place, capital-saving innovation, while effectively altering the purely technical composition of capital, at the same time represents a reduction of socially necessary labour time and the portion of living labour in the capital goods industries. (14) Its effects, consequently, compound the general tendency of the exclusion of labour power from the process of production. From the viewpoint of total social capital the rise in the organic composition of capital will not be offset by innovation of this type.

From the rising organic composition Marx deduced a tendency for the rate of profit to fall, although its mass may continue to rise with the increased scale of production resulting from technological innovation. (15) The rate, rather than the mass, of profit is the decisive variable for capital accumulation, as the rate measures the ability to accumulate in relation to existing capital stock on a proportional basis. (16). M. Itoh, by contrast, has suggested that a fall in the rate of profit does not in itself endanger or impede the accumulation process. Itoh hypothetically envisages a simultaneous fall in the rate of profit due to the rising composition of capital together with an increase in the absolute volume of surplus value, the latter financing accumulation.

"Depending upon the production of relative surplus value, the absolute volume of surplus value can go on increasing and capital accumulation can also continue even though at a diminishing pace. (17)

This thesis, however, misinterprets the process whereby relative surplus is produced. As against absolute surplus value which is produced via a lengthening of the working day, relative surplus value derives from a reduction in socially necessary labour time. (18) It is a means, that is to say, to raise the rate of exploitation of labour by the extraction of an increased amount of surplus value within the same number of hours. But the production or extraction of relative surplus value involves a decline in the portion of living labour power used in the production process. Marx indicates the consequences for capital of this mode of intensified exploitation in the following terms:

".... the manipulation to produce relative surplus value amount, on the whole, to transforming as much as possible of a certain quantity of labour into surplus-value, on the one hand, and employing as little labour as possible in proportion to the invested capital, on the other, so that the same reasons which permit raising the intensity of exploitation rule out exploiting the same quantity of labour as before by the same capital." (19)

This reduction of the relative portion of variable capital - Marx terms it "the real secret of the tendency of the rate of profit to fall" (Ibid, 228) - essentially constitutes the process of technical innovation that we have discussed. The intention, to raise the rate of surplus-value by increasing the unpaid part of total expended labour power, is to be achieved by the contradictory means of employing as little labour power as possible. This exclusion of labour power will, in consequence, tend to lower the relative mass of surplus value (being its source) as well as the rate of profit, at the same time as it increased the former's rate. The rising composition associated with technical innovation and the production of relative surplus value, that is to say, will result in a decrease in the mass of surplus-value produced by a given capital, and by extension a decrease in the mass of total social-value proportionate to capital as a whole.

This does not contradict Marx's thesis that a rise in the mass together with the rate of surplus-value is "bound up" with the falling rate of profit. (20). The rate of surplus-value $\left(\frac{s}{v}\right)$ constitutes the relation of surplus-value to the variable portion of capital, or the value of labour power, while the increase in its mass is an absolute increase, associated with the growing mass of capital employed. The progressive diminution of the role of labour power, however, will tend to reduce this absolute increase in the mass of surplus-value as a proportion of the (also increased) absolute mass of total capital. For total social capital, in other words, the total mass of surplus-value, a rise in the rate of which is engendered in the production of relative surplus-value, tends to decline in the same movement that reduces the rate of profit.

Consequently the rise in the former (the mass of surplus-value) cannot be viewed, as Itoh suggests, as a substitute for the fall in the latter (the rate of profit) in the process of accumulation. A falling rate of profit implies a declining mass of surplus value proportionate to the mass of existent total capital to accumulate on the basis of extended reproduction, or the reproduction of total social capital on an enlarged scale. (21) The rate of profit is the regulator of the accumulation process, in Marx's words "the motive power of capitalist production. (22) It is for this reason that Marx undertook such a detailed analysis of its tendency to fall in Volume 3 of Capital, significantly introduced as "The Process of Capitalist Production as a Whole":

Despite the influence of a number of "counterveiling factors", the tendency for the rate of profit to fall is central to the Marxist theory of crisis, the prospect of indefinite accumulation being rendered problematic. (23) The counterveiling factors identified by Marx fall under five headings. These are: the attempt by capitalists to increase the intensity of exploitation, particularly in advanced capitalism, through the increased production of relative surplus value: the depression of wages below the real value of labour power: the cheapening of the elements of constant capital: the emergence of relative overpopulation: and finally an increase in the rate of surplus-value through the mechanisms of foreign trade. A long historical debate has centred on the implications of these factors, singly or combined, for the tendency of the rate of profit to fall. We will indicate them to be aspects of that tendency rather than longterm offsetting factors.

Concerning the question of the increase of the rate of surplus-value, we have already criticized Itoh's thesis that an increase in the absolute volume of surplus value may offset the impediment to accumulation posed by a fall in the rate of profit. The rising mass of surplus-value produced by capital-saving innovation is subordinate both as a historical tendency and in terms of its effects to the tendency for the rate of profit to fall with the rising composition of capital. From the standpoint of total social capital all technological innovation, on which the production of relative surplus-value rests, is labour-saving and consequently works to undermine the intention of capitalists to reduce the unpaid portion of labour-time.

At the same time the cheapening of the elements of constant capital that accompanies the development of technique lowers its relative value within the sector of specifically manufacturing industry. Simultaneously, however, occurs a process of labour saving in the capital goods sector. A fall in the value of total constant capital would require that its value composition fell at a faster rate than the simultaneous rise of its total mass, thus offsetting that rise. Since its value is directly determined by the diminishing socially necessary labour time required to produce it, and since this also raises, through the increased social productivity of labour, the total mass of that constant capital, such a development is, in the longterm, clearly impossible. The labour-saving nature of all technological innovation means that for capital as a whole it cannot, through the cheapening of the elements of constant capital or, more particularly, through increasing the production of relative surplus-value, fully offset the rise in capital's organic composition.

The depression of wages below the value of labour power, which as Marx points out "has nothing to do with the general analysis of capital, but belongs in an analysis of competition", relates directly to the empirical struggle between capital and labour for the proceeds of labour. The outcome of this struggle in particular instances cannot be deduced from a general model of the capital-labour relationship, the relative strength

and organizational capacity of the two major factors being decisive factors. We will suggest in the following sections that in fact the portion of national income accruing to wages and salaries in post-war Britain has declined, though not at a sufficient rate to offset the decline in profitability.

Whereas the depression of wages is bound up with the changing balance of class relations, the implications of Marx's "relative overpopulation" thesis are inseparable from longer-term changes in the structure of capital. The development of capitalism has released labour, notably that of women, for new sectors of production. Marx suggested that new lines of, especially luxury, manufacture would absorb this displaced labour power, but that they would by degrees "pass through the same evolution as the other lines of production"; that is, be subject to the same process of a rising composition of capital.

There is, however, no *a priori* reason why, with a rising mass of profits, the new industries should from the start have a lower composition than the older ones. The increasing concentration of capital and the corresponding larger amounts of amassed profits, coupled with extended credit facilities, allow bigger capitals to invest in constant capital on a progressively larger scale. In point of fact, the key expanding sectors of British capitalism such as oil extracting and processing and the chemical industries are distinguished, as we shall see, by a higher capital to labour ratio than declining sectors such as textiles. The assumption of an initial relatively low organic composition in the new lines of production is, that is to say, inapplicable to the conditions of advanced capitalism.

Again, the mechanisms of international markets and investment are, in contemporary conditions, chronically inadequate to the task of offsetting the fall in domestic profitability. Marx observed that overseas investment tends to yield a high initial rate of profit due to its favourable position with regard to competition and its particularly high rate of exploitation. An example of the relative advantages of such enterprise is that of the American General Electric Company, whose average wage of \$3.40 per hour in Massachusetts compares with around \$0.30 for the identical work in Singapore. (24) Despite some opportunity for the realization of super-profits on this scale, however, the rate of industrial growth in the underdeveloped countries is too slow to give any real relief to world capitalism. Any significant further development would require an excessively high initial outlay on capital investment. In addition the restricted market in these areas, itself a result of the high rate of exploitation, would render such investment impracticable in terms of profitability. Imperialism today, as Nicaious has pointed out, carries a particularly heavy overhead. (25) As with the other "counterveiling factors" it is unable, even more than when Marx indicated its limits, to neutralize the effects of the rising organic composition

in the capitalist heartlands. The tendency for the rate of profit to fall identifies the outer parameter of the self expansion of capital. Marx repeatedly emphasised that the precise form that capitalist crises would take could not be predicted from his model. The essential relationship of the "law" with the process of accumulation, nevertheless, places it at the centre of the general theory of crisis.

A point of qualification should be made concerning the question of profitability, however. The rate of profit which is important in the immediate determination of the level of investment is not the gross rate of profit, that is total surplus value divided by total capital stock ($\frac{s}{C \text{ plus } V}$).

Despite the trend toward the formation of an "average rate of profit" (26), the individual capitalist unit is the agent or "Trager" of investment and accumulation, albeit in an impure form with the socialization of production through such developments as the increase in state grants to corporations and the emergence of finance capital, the merging of industrial and banking capital. (27). The important category for the direct determination of investment is what Marx termed "profit of enterprise" or the rate of profit minus interest (p-i). We will look at this category and its relationship to the gross rate of profit more closely.

In Volume 3 of Capital Marx examines the nature of the relationship between the "functioning" industrial capitalist and the owner-lender of money-capital. Interest represents the portion of surplus-value paid by the former to the latter for the loan of capital in its money form. (28) The two groups of capitalists perform different roles in thereproduction process: the one loans, the other productively employs, the same capital. This constitutes what Marx terms a "qualitative" division in the profit on every capital. It points to two categories of profit which are related to different aspects of the particular capital, whether or not that capital or a portion of it is empinically borrowed.

"The independent form assumed by the quantitative division of gross profit creates a qualitative one" (29)

Interest-bearing capital and productive capital accordingly face each other as "opposites" This relationship is quite distinct from the basic capital-labour antagonism. The functioning industrial capitalist, in his relationship with labour, produces surplus-value, consisting of interest plus profit of enterprise, a surplus of profit over interest. He actually receives, that is to say, less than the gross level of profits represented by $\frac{s}{C \text{ plus } V}$. (Ibid 372-5).

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"So long as money-capital is to exist as money-capital it must always be loaned out, and indeed at the prevailing rate of interest, say of 1 per cent, and always to the same class of industrial and commercial capitalists, so long as these function as capitalists, the sole difference between the one working with borrowed capital and the other with his own is that the former must pay interest and the latter must not; the one pockets the entire profit p , and the other $p-i$, the profit minus the interest" (30).

It is, however, the functioning industrial capitalist who must, as a capitalist, conduct and prosecute the process of accumulation. Profit of enterprise is accordingly the theoretical category which corresponds to the portion of surplus-value available to function as the fund source of accumulation, without, that is, further borrowing of money-capital. Specifically concerning the profitability of British capitalism, the principal area of concern is net profitability, deducting the now especially significant sector of interest payments. This is a crucial aspect of any evaluation of profitability trends. The money-capitalist sells to the functioning capitalist the use-value of his money - capital. Its use-value consists of its ability to produce exchange value, and above all surplus-value when productively employed. (31) A portion of that surplus-value is paid, as interest, to the money-capitalist in return for the use of his money-capital as productive capital. $P-i$ in this way replaces $\frac{s}{C \text{ plus } V}$ as the decisive form of the rate of profit for accumulation, for the analysis of the actual process of extended accumulation.

Two conflicting sets of calculations concerning the profitability of British industry over the last two decades have been presented during the early 1970's, the different patterns suggested having widely differing implications for both the immediate and longterm prospects of British capitalism. Glyn and Sutcliffe and, more recently, Burgess and Webb, have argued for a declining level of profitability, both studies suggesting that this decline constitutes a threat to future investment. (32) By contrast, Panic and Close and, drawing substantially on their work, J. Hughes, have concluded that profits have either been maintained or at least have not fallen dramatically, particularly during the 1960's. (33) We will examine these four studies and, working with the assumption that profit of enterprise is the most important index of profitability, attempt to identify the source of their conflicting assessments. Our own conclusion will be that there has been a sustained decline in profitability since the early 1950's and that this decline raises serious doubts concerning British capitalism's potential for continued extended accumulation, with present rates of exploitation, in the coming years. Having elaborated this view we will clarify the

character of the present profitability crisis, and in particular the question of the role of the state in its development. (34) Firstly we will examine the "optimistic" Panic-Close-Hughes thesis.

Panic and Close, in the first place, have suggested that fears expressed by a number of economists concerning "an almost imminent collapse of the existing economic system" in Britain have been exaggerated. (35) In order to examine the foundations of such fears they examined the rate of return of British manufacturing industry from 1950-70. Rate of return is measured by calculating the ratio of net income in any year to the average of net assets at the year's beginning and end. Net income, in these calculations, consists of trading profits, after deducting director's fees, pensions to past directors, and superannuation and compensation payments. Net assets are fixed assets net of depreciation plus total current assets net of current liabilities and provisions: they "represent the longterm capital employed in the firm" (21). On the basis of this calculation Panic and Close derive the following figures:

<u>THE AVERAGE RATE OF RETURN ON NET ASSETS IN U.K. MANUFACTURING INDUSTRIES (AT HISTORIC COST).</u>		
	Pre-Tax.	Post-Tax.
	Mean %	Mean %
1952	19.0	10.5
1961	14.4	10.1
1969	13.3	7.9

(36)

From this table the authors conclude that since the 1950's there has been a decline in the rate of return, a decline which is especially pronounced at pre-tax level. The 1960's, however, showed little pre-tax decline, what deterioration did take place being attributed to changes in capacity utilization. Comparing the annual rates of growth in the 8 leading capitalist countries over 1959-69, they further suggest that, given the rates of growth of output, the increase in investment in the U.K. was higher than in many of the other countries including Sweden and West Germany. On this criterion Britain's rate of investment was exceeded only by the United States, Belgium and France. (37)

While measuring investment against output, Panic and Close ignore completely the comparatively low level of both output and investment that their calculations indicate for Britain over the decade in question. The U.K. average annual rate of growth of investment of 4.4 per cent is higher than only that of Sweden at 4.1 per cent. Rate of growth of output, moreover stood at 3.5 per cent per annum, the lowest level of any country in the sample. Japan's rates of growth, by far the most exceptional, were by

contrast 16.0 per cent and 13.0 per cent respectively. Britain's uncompetitive rate of growth, however, has been a key symptom of her international weakness during the post-war period, successive administrations attempting to reduce the balance of payments difficulties by means of an export-oriented rise in manufacturing output. On the basis of these calculations, together with their data on the rate of return in manufacturing industry, however, Panic and Close conclude that developments within the period as a whole, and particularly within the 1960's "fail to reveal any signs of a crisis in profitability in this country". (30).

Two critical points will be made in relation to this conclusion. In the first place, while giving particular emphasis to their calculations based on historic cost, Panic and Close observe that both pre and post-tax rates of return declined through the 1960's, "though rather gently", when replacement cost is considered. With this distinction a tendency quite the opposite to that suggested by their formal thesis becomes apparent. Calculations at replacement cost take inflation into account and are, as a consequence, more accurate in real terms than those at historic cost. The period in question has been characterized by inflation, the persistency of which, although its rate has varied, has meant that its effects have, by and large, been generalized throughout the economy as a whole. In particular, "time-lag" distortions, due to variations in the inflationary process at different temporal points of the production process will in the main have been neutralized. Profitability calculated at replacement costs, being weighted to account for inflation will thus give a more accurate picture of real developments than the unweighted figures of historic cost. The latter will tend to overestimate the rate of return. (38).

The extent of the overestimation of profitability when measured at historic cost is apparent from the following figures, reported by Burgess and Webb, comparing calculations based on that method with those derived from replacement costs:

	<u>QUOTED COMPANIES IN U.K. MANUFACTURING INDUSTRY, TRADING INCOME NET OF DEPRECIATION AS PERCENTAGE OF CAPITAL EMPLOYED.</u>	
Year	Historic Cost Basis	Replacement Cost basis.
1950	20.9	19.6
1954	19.1	16.6
1958	14.8	11.9
1962	12.4	10.3
1966	12.0	9.6
1970	11.5	8.5.

The overstatement of the profit rate, calculated a historic cost rose from around 10 per cent in 1950 to about 20 per cent by 1962 and as much as 40 per cent by 1970. Clearly the historic cost method employed by Panic and Close leads to a substantial overestimation of the rate of return.

That this overestimation is compounded in Panic and Close's calculations is apparent from their comments concerning the trend of increasing external financing.

"The falling ability to finance new investment from internal resources has been offset by an increasing supply of funds from external sources". (40).

As we shall show later, the banking institutions have been particularly prominent in the external financing of industrial firms. In a period of high inflation, however, such loans to productive capital constitute a substantial reduction of the gross profit rate, a reduction not registered by Panic and Close' construct for the rate of return (net income to net assets).

In addition, Panic and Close define net income in such a way as to include both non trading profits and profits from overseas. These two factors also give their calculations an upward bias. Profits from overseas tend to be higher than the prevailing domestic rate, this being the primary motivation for investing abroad. Furthermore, recent years have seen a significant rise in the proportion of non trading income as a percentage of total company profits. (41) These figures, compounding Panic and Close's omission of external financing and their use of historic cost as the principal basis for calculation, would, if taken into account, reduce their evaluation of the rate of the return considerably. Before attempting a more realistic assessment of the profit trends, however, we will look at Hughes' variant on the "optimistic" thesis.

A study with an overtly political intention (42), Hughes' paper contends that there was no substantial decline in corporate profitability during the 1960's, and a substantial rise in the early 1970's. As against the C.B.I. whose method of measurement is to examine the share of gross trading profit in the total national product, Hughes' concern is to focus on trends in company income arising in the U.K, in particular in the industrial and commercial vis-a-vis the financial sector.

Hughes draws on three particular sources of data. For the 1950's and 1960's he summarizes and endorses the conclusions of Panic and Close's study. On the basis of "National Income and Expenditure" data he calculates a rise of 25 per cent in gross trading profits of companies during 1970-72. Finally, drawing on the "Financial Times" quarterly analyses of company profits he concludes that the 1971-73 period "produces even more exceptional figures of the forward sweep of profits" (17). The main sources of upward bias in Panic and Close's study have already been indicated, so we will concentrate on the second and third parts of Hughes' analysis.

Hughes' data drawn from National Income and Expenditure 1973 is presented in the following table:

<u>GROSS COMPANY TRADING PROFITS, FIRST $\frac{1}{2}$ 1971 TO FIRST $\frac{1}{2}$ 1973 (SEASONALLY ADJUSTED).</u>			
	<u>£ MILLION.</u>	<u>INDEX:</u> <u>1971, FIRST $\frac{1}{2}$</u> <u>as 100</u>	<u>INDEX.</u> <u>1970 AS 100.</u> <u>1972</u>
First $\frac{1}{2}$ 1971	2,851	100	108
Second $\frac{1}{2}$ 1971	2,905	102	110
First $\frac{1}{2}$ 1972	3,113	109	118
Second $\frac{1}{2}$ 1972	3,471	122	131
First $\frac{1}{2}$ 1973	3,938	138	144 (43)

From this data Hughes deduces that over the two year period from the first half of 1973 company gross profits have risen nearly 40 per cent. He further adds that over the period in question over the whole economy stock appreciation due to inflation rose by some 28 per cent, that is considerably less rapidly than gross trading profits. Assuming that companies account for a similar proportion of stock appreciation, Hughes concludes that gross trading profits net of stock appreciation have in fact risen more rapidly than the table indicates.

As with Panic and Close's calculations, however, this data is misleading precisely in that it is gross trading profits that are being measured, a measurement which does not incorporate the drain on profits deriving from interest re-payments. An upward distortion is the consequence, essentially the same bias which leads to an over-estimation of profitability in his "Financial Times" data. Using this source Hughes deduces that the total industrial sector showed an increase in trading profit over 1971-73 of more than one half and an increase in profits earned for equity of nearly three-quarters, the rate of return on net assets improving by 29 per cent as compared with 1970-71. (17).

LINKED INCREASES 1970/1 to 1972/3 (TOTAL INDUSTRIALS).			
PERCENTAGE INCREASE IN PROFIT:		INCREASE IN RETURN ON NET ASSETS.	
Trading	Earned for equity.	a) as percentage of total assets.	b) as percent age of 1970/71 return.
+52	+73	+4.3	+29

(44)

The impressive 29 per cent increase in return on net assets between 1970-1 and 1972-3 appears less so, however when the "Financial Times" method of calculation is taken into account. Net return on capital "is arrived at by dividing net capital employed (net fixed assets plus current assets less current liabilities) by profits after depreciation charges but before interest and taxation" (my emphasis - DB) (25). By excluding interest and taxation payments from his calculation of the rate of return on assets and profits (concerning the latter he reports a net return on capital of 19.5 per cent in 1972-73 as compared with 16.5 per cent in 1971-72 and 14.8 per cent in 1970-71). Hughes again presents data which corresponds closer to gross rate of profit than profit of enterprise. As with the two earlier sets of data, his findings overestimate real profitability as it relates to investment potential and capital accumulation.

In considering a more realistic assessment of the profitability of British industry we will draw heavily on the detailed analysis of Glyn and Sutcliffe, as this constitutes the most rigorous single attempt to examine this area to date. At the same time we will indicate what we see to be weaknesses in their study, suggesting why their estimation of the decline in British capitalism's profitability is, if anything, conservative.

Glyn and Sutcliffe report a sustained if uneven decline in both pre-tax and post-tax profit rates since 1950, relative fluctuations within the general decline being most pronounced in the post-tax rate.

<u>RATES OF PROFIT ON NET ASSETS OF INDUSTRIAL AND COMMERCIAL COMPANIES 1950-70 (PER CENT)</u>		
<u>Year</u>	<u>Pre-Tax</u>	<u>Post-Tax</u>
1950-54	16.5	6.7
1955-59	14.7	7.0
1960-64	13.0	7.0
1965-69	11.7	5.3
1964	13.7	7.1
1965	12.8	7.8
1966	11.3.	4.9
1967	11.7	6.1
1968	11.6	5.2
1969	11.1	4.7
1970	9.7	4.1 (45)

Glyn and Sutcliffe's data indicates that the pre-tax rate of profit fell by some 40 per cent during the two decades following 1950, a conservative estimate as profits from foreign subsidiaries are included. An "avalanche" between 1964-66 is reported, a decline from 13.7 per cent to 11.3 per cent occurring during these two years. A similar pattern is apparent in the post-tax rates, the fall from 7.1 per cent in 1964 to 4.1 per cent in 1970 being even more pronounced than the pre-tax decline. Glyn and Sutcliffe account for this differential decline in terms of increased tax rates on the one hand and reduced investment incentives on the other. In addition, stock appreciation was counted as taxable profits, inflating the tax bill and further reducing real profitability. Glyn and Sutcliffe discount the possibility of distortion due to under-reporting of profits because of the scale and persistency of the decline, and summarize their findings in almost catastrophic terms: "we can conclude that since 1964 the rate of profit in the U.K. has collapsed" (68). They conclude that British capitalism is faced with acute problems in the area of capital accumulation.

"In Britain, as in nearly all capitalist countries, there are signs that the tightening profits squeeze is making it increasingly difficult to finance investment and so keep economic growth going." (46)

As confirmation of this trend Glyn and Sutcliffe point to the fall in manufacturing investment of 10 per cent between the last quarter of 1970 and the second quarter of 1971, a fall indicating an annual rate of decline of 20 per cent. British capitalism, on the basis of this study, can no longer afford to exploit its workers on an expanding, or even on a static, scale.

Glyn and Sutcliffe's method of calculating the rate of profit incorporates one of the major factors which we suggested, gives Panic and Close's study an upward bias, however. Interest on borrowing is included in profits, and consequently it is gross profits rather than profit of enterprise, that is being measured. Explaining their calculations Glyn and Sutcliffe point out that "post-tax profits are equal to ordinary and preference dividends and longterm debt interest (net of tax) plus the amount retained in reserves". (myemphasis - DB) (245). If, further, we compare these two studies neither, in calculating the post-tax rate of profit, incorporate investment grants in their analysis. Both, moreover, include non trading profits. (47) The key difference is that whereas Glyn and Sutcliffe incorporate the deduction of stock appreciation, that is calculate the rate of profit at replacement cost (66), the rate of return tabulated and emphasized by Panic and Close is based on historic cost. (24). Panic and Close chart the pre-tax rate of return at replacement cost, though not the corresponding post-tax movement (22). They suggest that this pre-tax rate fell "rather gently" throughout the 1960's. A breakdown of their chart casts doubt on this judgement, however. A fall from 14 per cent to 9 per cent is registered over the years 1960-70, hardly a "gentle" decline. While Panic and Close's graph indicates quite extreme fluctuation over this period, they roughly correspond to those in Glyn and Sutcliffe's pre-tax rate of profit, peaks of profitability occurring in 1964 and 1967-8. Their reported overall decline for the decade as a whole (14 per cent to 9 per cent) moreover, is a fairly close match to that identified by Glyn and Sutcliffe (14.9 to 9.7). When, that is to say, replacement cost is taken into account, Panic and Close's calculations for the pre-tax rate of profit during 1960-70 indicate a parellel decline, but one which begins and ends almost one full per cent below that of Glyn and Sutcliffe.

A similar trend, suggesting an even more pronounced rate of decline, is reported in a more recent analysis by J.L. Walker.

	<u>RATE OF RETURN ON CAPITAL EMPLOYED. INDUSTRIAL AND COMMERCIAL COMPANIES. (AT CURRENT REPLACEMENT COSTS AFTER PROVIDING FOR STOCK APPRECIATION).</u>	
1960	13.4	
1962	10.6	
1964	11.9	
1966	9.9	
1968	10.1	
1970	6.9	(48)

Walker's calculations indicate a decline of almost 50 per cent over the decade, considerably higher than the fall reported by Panic and Close and Glyn and Sutcliffe. Panic and Close, in explaining their rationale for basing their conclusions on historic cost calculations, cautiously point to the lack of consensus among economists concerning the most appropriate way to adjust accounts to incorporate the effects of inflation. (21). The persistency of the decline in the rate of profit at replacement cost reported by themselves, Glyn and Sutcliffe, Walker and Burgess and Webb (49) suggest, nevertheless, that the decline is a real process at work. The profitability of British capitalism has been declining since the 1950's, a decline which renders the prospect of further extended accumulation problematic. Before offering an explanation of how this has happened, and in particular the role of the state in the overall process, we will suggest that Glyn and Sutcliffe's data, if anything, underestimates the extent of the fall in profitability.

As already indicated, Glyn and Sutcliffe use a method of calculation which corresponds roughly to Marx's formula for the gross rate of profit $\left(\frac{s}{C \text{ plus } V}\right)$.

Glyn and Sutcliffe point out, however, that over the two decades from 1950 a rising proportion of profits as measured by their criterion have been channelled as dividends. In addition, investment levels continued to rise for most of this period. These factors, together with the decline in gross profitability, have led to a situation in which companies are increasingly less able to finance their own investment programmes. Revell has calculated the changing pattern of U.K. capital expenditure financing as follows:

FINANCING OF CAPITAL EXPENDITURE BY U.K. NON FINANCIAL COMPANIES, 1952-70 (PERCENTAGES).				
	1952-55	1956-60	1961-65	1966-70
Saving	86	80	69	65
Capital Issues	10	10	11	10
Bank Borrowing	-1	7	13	13
Other	5	3	7	12
TOTAL:-	100	100	100	100

(50)

While financing from capital issues remained almost constant as a proportion of total financing, the main changes took place in the saving or retained earnings and the borrowing sectors. Capital expenditure from retained earnings declined from 86 per cent of total in 1952-55 to 65 per cent in 1966-70, a fall of over 25 per cent for the period as a whole. The rise in the proportion of bank financed expenditure is even more dramatic, increasing by almost 100 per cent in the decade between 1956-60 and 1966-70. The final residual category, consisting mainly of other sources of borrowing and state services, rose by 400 per cent as a proportion of total capital expenditure over the same decade.

The movement that these changing proportions represent is one an increasing corporate resort to shortterm borrowing in order to continue the process of capital accumulation in a context of declining profitability. Interest payments on this borrowing constitute a further burden on already acutely pressured company liquid assets. (51) Such lowered levels of corporate liquidity compound the likelihood of company failure and bankruptcy that the low rate of profit places on the agenda. The conceptual clarification that is associated with substituting profits of enterprise for gross rate of profit as the crucial measure of capital's potential for accumulation, in summary, indicates an even greater dilemma for British capitalism than the uncorrected deterioration that Glyn and Sutcliffe' document suggests.

1. One particularly detailed statistical attempt to empirically assess the Marxist law of the falling rate of profit is that of J.M. Gillman (1975). Gillman reformulates the concept of the organic composition of capital to include unproductive expenditure (103-4), and on the basis of the revised formula reports a decline in the rate of profit during 1849-1939. While a pioneering study, Gillman's work suffers from a number of major weaknesses, despite its statistical sophistication. Desai points to Gillman's direct identification of value and price categories, his failure to take depreciation into account, and more general problems of economic measurement. (M. Desai, 1974, 105-7).

Our major objection in this context is that Gillman's analysis is structured by a highly mechanical conception of the mode of operation of the law in question. Developments in the value-composition of American capitalism are effectively abstracted from their context of inter-class relations, while Gillman's limited consideration of the specifically social relations of production in themselves are largely tangential. He correctly repudiates, for example, the vulgar hypothesis that Marx unconditionally predicted absolute mass impoverishment with the development of capitalism (145-50). Concrete analysis of movements in the relations between classes is avoided, however.

Again, Gillman indicates the importance of a fundamental conflict between capital accumulation and consumption. He suggests that:

"the life of mature capitalism is a constant struggle to escape crucifixion on the cross of a consumption economy". (159).

We have criticized the assumptions of this essentially underconsumptionist position in an earlier chapter. ("Arms and the State: A New Stability?"). The point we wish to make here is that in spite of this formal recognition of the significance of social restraints on the process of accumulation, Gillman's actual calculations treat the categories of political economy positivistically, as "given" datum, which are not related to the actual forms of class interaction which sustain them and of which they are the expression. The introductory sentence of the Communist Manifesto - "The History of all hitherto existing society is the history of class conflict" - the cornerstone of the Marxist theory of historical change - is forgotten in Gillman's mechanistic methodology. The systematic and pioneering qualities of Gillman's study should, however, be weighed against these criticisms.

2. A. Glyn and B. Sutcliffe (1972).

3. M. Panic and R.E. Close (1973), See also, drawing substantially from Panic and Close's study, J. Hughes (1974).

4. J.M. Gillman (1957), 2.
5. Ibid., 11.
6. A point made and elaborated by G. Pilling (1972). Pilling emphasizes, correctly in our opinion, the qualitative break between Marx's understanding of the law of value and that of earlier political economy. For perhaps the most concise exposition of Marx's view, see Marx (1971b), 20-22.
7. K. Marx (1972b), 576. Surplus-value itself expresses the basic relationship that underlies the capitalist mode of production. The capitalist pays the worker the value of his labour power in order to productively dispose of it, a process which takes place in two stages. The worker produces for the capitalist a value which is equal to, and is exchanged against, the value of his expended labour power. In addition he produces a portion of unpaid or surplus value. Capital is thus essentially a social relation, "the command of unpaid labour". (K. Marx, 1972b, 579-80).
8. K. Marx (1959), 42.
9. Ibid., 42.
10. Ibid., 45-6.
11. K. Marx (1959), 255-6.
12. Ibid., 259-60. See R. Hilferding (Glasgow, undated, 29-54) for a detailed and systematic exposition of this process, the basis of the so-called "transformation problem".
13. K. Marx (1972c), 365.
14. P. Walton and A. Gamble (1972), 213-4.
15. K. Marx (1959), 243.
16. A. Glyn (1974), 5.
17. M. Itoh (1975). 5-6.
18. K. Marx (1972b), 328.
19. K. Marx (1959), 228.
20. Ibid., 234.
21. K. Marx 1967b, 389-9.
22. K. Marx (1959), 254.
23. A centrality recognised by, among others. P. Walton and A. Gamble (1972) and J.M. Gillman (1957), despite the latter's underconsumptionist assumptions. This centrality finds expression in the very direction of managerial practice. A recent manual of corporate strategy observes that "the primary economic objective (of the firm - DB) is to optimize the longterm rate of return on equity employed in the firm", equity representing the enterprises total assets. The writer elaborates: "The key idea lies in selecting profitability (a measure of return on resources) rather than profit (excess of revenues over cost) for the principal attribute". (H.A. Ansoff, 1968,44-5), Profitability, that is to say, is measured in terms of return on total assets, broadly corresponding to total working capital plus money capital in the form of financial assets, their measure alone indicating the level of return in relation to total capital stock. As one economic journalist, concerned at recent trends in British industry, points out: "profitability is both a precondition of capital investment and the simplest way to cope with liquidity problems". (The Times", 12th March 1975).

24. S. Babson (1973), 22.
25. M. Nicolaus (1970), 29.
26. For the theoretical explanation of this tendency, see K. Marx (1959), 140-206. One variant of the monopoly capitalism thesis suggests that this aspect of Marx's political economy is no longer of relevance to contemporary conditions. O'Connor, for example, writes:

"... the concept of the 'rate' of profit is out of date
In the overcrowded competitive sector of the advanced
capitalist economies the profit rate remains a datum,
a given, but in the oligopolistic sector profit margins are
themselves determined by corporate price, output and
investment policies" (J. O'Connor, 1971, 44-5).

Empirical studies of recent developments in the different sectors of British capitalism indicate, however, that larger firms are characterized by a more uniform rate of profit as well as growth, rather than a higher rate of either. (See A. Singh and D. Whittington, 1968. A.P. Jacquemin, 1974). There is, further, evidence that the structures of taxation tend to average and redistribute profits between industries and sectors. (Singh and Whittington, 131). The theoretical issues and implications are complex, but in our opinion Marx's notion of an average rate of profit is, in its essentials, still applicable.

27. This process of merging does not remove the possibility of the emergence of an increasingly antagonistic relationship between the industrial and banking capital sectors. Such a development is, in fact, likely in a situation where, as at present, industrial firms are increasingly unable to finance interest repayments, the rate of interest standing considerably higher than the corporate rate of profit. The rising share of productive investment financed by banking and related institutions over the last two decades, nevertheless, indicates a progressive interpenetration between these two sectors. (See J.L. Walker, 1974, Xli, table 1., and the following section of our thesis).

28. K. Marx (1959), 363.
29. Ibid., 370.
30. Ibid., 364.
31. K. Marx (1972c) 458.
32. A. Glyn and B. Sutcliffe (1972). G.W. Burgess and A.J. Webb (1974).
33. M. Panic and R.E. Close (1973). J. Hughes (1974).
34. Section VIII, "The State and the Falling Rate of Profit".
35. Panic and Close (1973), 17.
36. Ibid., 25.
37. Ibid., 28, table 4.

38. The importance of calculating profitability at replacement cost in inflationary conditions has been pointed out by Colin Clark. Awareness of the danger of bankruptcy involved in calculating at historic cost informs his observation:

"I believe that businessmen, whatever their accountants may tell them, instinctively think of their assets in terms of replacement cost. Even if they did not always do so in the past, the increasing pace of inflation is compelling them to think in terms of replacement cost now. Any firm which earned enough only to pay depreciation and interest on its book values would soon be out of business. (C. Clark, 1974).

39. Burgess and Webb (1974). Original source: Monopolies and Mergers Commission.

40. Panic and Close (1973) 30.

41. Burgess and Webb (1974), 13.

42. J. Hughes (1974). Hughes' thesis is explicitly directed at C.B.I. claims of declining profitability, which he sees to be essentially strategic attempts to gain government support for business - administered price rises and state aid to private industry. (6).

43. Ibid., 14.

44. Ibid., 19.

45. Glyn and Sutcliffe (1972), 66. A similar, if less even, downward trend is reported from the mid-1950's onward by Burgess and Webb. Burgess and Webb's data refers to all U.K. companies, the non-selective inclusion of all companies being the principal source of the relatively high rates reported. Rates are calculated less stock appreciation, less capital consumption, less taxes on income (accruals) and capital as a percentage of net capital stock at replacement cost.

<u>YEAR</u>	<u>RATE OF RETURN</u>	<u>YEAR</u>	<u>RATE OF RETURN</u>
1956	13.0	1966	11.4
1958	13.1	1968	11.1
1960	15.2	1970	7.7
1962	12.6	1972	9.2
1964	13.6		(5)

46. Glyn and Sutcliffe (1972), 120.

47. Ibid., 245. Panic and Close (1973) 21.

48. J.L. Walker (1974) Xli, table 1.

49. See reference 45.

50. J. Reveall (1974), 84. J. Moyle (1973) similarly reports a rise in the proportion of company shares held by large institutions, especially banks and pension funds, between 1957-1970.

51. Department of Industry (1974), V-Vii. Magdoff, writing of similar constraints on American corporate capitalism, observes that:

"... to sustain an ever larger debt business eventually has to obtain larger profits to repay the debt, plus interest charges". H. Magdoff, 1965, 68).

The importance of the burden of interest repayments for British capitalism in the 1970's cannot, as the figures for both corporate profitability and bank borrowing indicate, be overestimated.

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