

## **Crises, crisis-management and state restructuring: what future for the state?**

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This article derives from a plenary lecture at the *Policy & Politics* annual conference in Bristol in September 2013. It was intended more as a *tour d'horizon* than as a detailed exploration of one topic and has the corresponding strengths and weaknesses of this kind of plenary. It frames the analysis by listing some challenges to the state identified in the call for papers. It then asks a key question, unasked and unanswered in the CFP: what is the state? Without a clear account of the state and state power, it is hard to assess these challenges and consider possible solutions. Third, reflecting shifts in the political field in the 1980s and 1990s as well as growing interest in governance, governance failure, and metagovernance, it reinterprets state power in terms of 'government and governance in the shadow of hierarchy'. Fourth, it identifies the reference point for recent concern with challenges to the state. This cannot be the state in general but must be related to the actually existing state forms in a given period in the world of states and to the new forms of inter-state relations and efforts at global governance. Fifth, thus prepared, it explores crises as a specific condensation of accumulating challenges that pose problems of crisis-management and, to the extent that established crisis-management routines fail, crises of crisis-management. Sixth, building on the preceding discussion, it explores the meaning of crises of the state and politics. Seventh, current trends in the state are identified and related to the decline of liberal democracy. The article ends with reflections about the future of the state and governance and the challenges of responding to challenges.

### **1. Challenges to the State**

The call for papers and the conference programme both mention unprecedented pressures on 'the State' due to, *inter alia*: (1) the volatility and uncertainty of global finance and institutions; (2) the reconfiguration of the global political economy; (3) the rise of civic unrest and heightened religious tensions; and (4) the risks posed by climate change and new technologies. This seems to imply that these pressures

originate outside the state rather than arising from, at least in part, state action or inaction. This in turn poses two key theoretical issues. It takes the state for granted as a distinct institution (or institutional ensemble) and the distinctiveness of state power vis-à-vis other modes of governance or governmental technologies. The CFP then identifies another set of challenges, namely, those involved in deciphering current changes in politics and policy. The changes mentioned include: (1) the challenges of post-crisis state management; (2) reframing the welfare state; (3) the blurring of public-private boundaries; (4) managing large scale public reforms; (5) the rescaling of state authority; and (6) managing rising public expectations and their implications for social justice. The link between the two sets of challenges is not immediately obvious. The third and fifth changes indicate a further challenge: to decipher shifts in the form of the polity and its demarcation from other institutional orders. We should not dwell on such issues as the CFP and conference programme genre have quite different functions from an academic text. They are usually written to attract contributions from a wide range of theoretical, empirical, and methodological perspectives, identify issues relevant to public debate as well as academic concerns, and establish the conference's relevance to a wider audience, including the media. But it is still surprising, at least to an inveterate state theorist, that the status of the state as an institution or institutional ensemble is taken for granted. This provides my starting point before I address some of the other issues that have been posited, for whatever reason, as worthy of consideration.

## **2. What is the state?**

A serious challenge for state theorists is to define the state as a theoretical object (Abrams 1988). This question has been posed many times from many perspectives in different periods and political contexts. Many critics suggest that the state is too abstract, vapid, or ungraspable to be a valid or worthwhile object of theoretical inquiry – but they then proceed in many cases to reintroduce the concept, if not the term itself, through the back door after ejecting it noisily through the front door (see Bartelson 2000). While much of my work builds on the critique of political economy and historical materialist state theory, for present purposes (and, indeed, many purposes) the best starting point for tackling this basic challenge is the juridico-political tradition of general state theory (*allgemeine Staatstheorie*).

This tradition identifies three constitutive elements of the state: (1) a clearly demarcated core territory under the more or less uncontested and continuous control of the state apparatus; (2) a politically organized coercive, administrative, and symbolic apparatus endowed with both general and specific powers (variously described as *Staatsgewalt*, *Staatsapparat*, or *Staatshoheit* – state power, state apparatus, or state sovereignty respectively); and (3) a permanent or stable population on which the state’s political authority and decisions are regarded, at least by that apparatus, if not those subject to it, as binding (*Staatsvolk*). Similar ideas, without this juridico-political terminology, are found in several other approaches. In addition, while general state theory seems to highlight individual states, it is also concerned with the world of states (*Staatenwelt*) as regards both the conditions governing the recognition of state sovereignty and legitimate governments and the challenges posed domestically and/or externally by so-called failed, collapsed, shadow, or rogue states with weak authority within their respective territories. Another issue concerns the extra-territorial reach of ‘super-powers’ (most notably, after the Cold War, the USA) that overrides in various ways the internal and external rights of other states. This ‘three element’ approach already provides an initial benchmark for identifying challenges to the state and deciphering changes within it.

Before proceeding to these challenges and changes, however, some cautions and clarifications would be helpful. First, territory should not be confused with the more generic notion of the terrestrial (which covers here the nexus of land, sea, and air). This is the variable, technologically conditioned, ‘raw material’ of territorialization considered as a specific political process and can become a crucial stake in geopolitical and geo-economic struggles. Moreover, as the CFP implies, climate change (among other terrestrial changes), can prove a challenge for state-building, state restructuring, and the general or more targeted reorientation of state policies.

Second, sovereignty should not be equated solely with police powers and/or military force. A useful typology in this regard has been proposed by a German sociologist, Helmut Willke (1992). He distinguished four general means that can be deployed alone or in some permutation to underpin specific acts or exercises of state power. These are violence, law, money, and knowledge (Table 1). While the first three are intuitively plausible, the fourth merits some explanation. Knowledge has been an

important aspect of state power for millennia and involves many forms of information gathering, political calculation, and surveillance (e.g., Scott 1998). Indeed ‘statistics’ initially referred to the collection by states of population and economic data for its

Resource	State Form	Role in State Formation, State Form, State Functions
Force ( <i>Zwang</i> )	Territorial state	Claim to monopoly of organized coercion in given territorial area to secure frontiers and create conditions for peace within national territory’
Law ( <i>Recht</i> )	Constitutional state	Create constitution, establish conditions for peaceful transfer of executive authority, institute property rights, gradual extension of legal, political, social and economic rights
Money ( <i>Geld</i> )	Interventionist state	Consolidate bourgeois tax state with state revenues based on compulsory general taxation for legitimate purposes (and as basis for repaying loans) and use control over expanding state budget to extend state’s ‘infrastructural power’
Knowledge ( <i>Wissen</i> )	Supervision/ ‘super-vision’ state	State seeks <i>relative</i> monopoly of organized intelligence (information, knowledge, expertise) as basis for its powers of guidance (governance and meta-governance, e.g., the open method of coordination) and for the surveillance of the population and other social forces within (and beyond) the state’s frontiers

**Table 1. Helmut Willke on State Resources (based on Willke 1992)**

own state purposes. The more general power/knowledge link has been investigated in many studies, including, famously, by Foucault (1980). As I note below, knowledge is gaining a bigger role in response to current challenges to the state.

Third, the state apparatus is highly varied and I return to this shortly at greater length because it is so central to the concerns of the conference. Tim Mitchell provides an interesting gloss on the taken-for-grantedness of the state when he writes:

‘[t]he state should be addressed as an effect of detailed processes of spatial organization, temporal arrangement, functional specification, and supervision

and surveillance, which create the appearance of a world fundamentally divided into state and society. The essence of modern politics is not policies formed on one side of this division being applied to or shaped by the other, but the producing and reproducing of this line of difference' (1991: 95).

More generally, while some political scientists may be content with a *de facto* or *de jure* focus on the 'internal state', scholars of international law and international relations also examine its external dimension. As recent work on the global economy and global governance indicates and the CFP reiterates, state sovereignty is being challenged externally as well as internally. This is associated with the 'rescaling of state authority' as well as the 'blurring of public-private boundaries' as powers that were previously exercised by national sovereign states are now delegated downwards, moved sideways to cross-border arrangements, pooled or, again, transferred upwards to supranational institutions (cf. Doehring 2004; Jessop 2002).

Fourth, population is not just the aggregate of the individuals residing in or passing through a state's territory but is construed, constituted, and governed as a more or less complex object of state policy that varies across historical periods, types of state, and political regimes. The state apparatus has obvious interests in how its territory is populated and in the quantity and quality of its population. Among relevant variables are birth and death rates, age, sex, dependency ratios, health, military potential, skills and qualifications, and so on. It is an 'object with a distinct rationality and intrinsic dynamics that can be made the target of a specific kind of direct intervention' (Thompson 2012: 42). There is an extensive literature on the development of population as an object of governance, a process that involves 'the creation of new orders of knowledge, new objects of intervention, new forms of subjectivity and ... new state forms' (Curtis 2002: 507). As Foucault noted, this has two main dimensions: anatomo-politics and bio-politics, that is, efforts to discipline individual bodies and to govern populations respectively (2008a, 2008b). We should also note that the population governed by states is subject to nationalizing, gendering, 'racializing', and other identity-based divisions; and that this is associated with different patterns of inclusion and exclusion both within and at a state's borders.

It is now time to integrate these themes into a general approach. Table 2 identifies

the defining features of the three basic components identified in general state theory, notes their external dimensions, links them to three basic dimensions or aspects of state crisis (to be explored later), and, additionally, to three modalities of 'state failure'. It provides a general orientation to the state and potential external or internal challenges thereto. This said, it is important to note that there is *no state in general*. It follows that there can be no challenge to the state in general. Different forms of state rest on different forms of territorialization, are associated with different forms of state apparatus, and have different kinds of population. In addition, major forms of political power today are non-territorial in character and this trend can be related to some of the challenges confronting the state and state power today.

On this basis, I suggest the following definition of the state to orient later discussion:

The core of the state apparatus comprises a relatively unified ensemble of socially embedded, socially regularized, and strategically selective institutions and organizations (*Staatsgewalt*) whose socially accepted function is to define and enforce collectively binding decisions on the members of a society (*Staatsvolk*) in a given territorial area (*Staatsgebiet*) in the name of the common interest or general will of an imagined political community identified with that territory (*Staatsidee*) (cf. Jessop 1990: 341; on the concept of 'imagined community' and its constitutive roles in the rise of nationalism and nation-state formation, see Anderson 2006).

Building on this definition, I identify six aspects of the state – three more formal in character, three substantive. The first three refer to what systems theorists might call inputs, withinputs, and outputs; and the second three refer to some discursive and social features that give the state a specific content and, perhaps, endow it with a certain coherence (see Table 3). This provides one way to go beyond a generic analysis of the state or state power to consider the specificities of particular regimes and, in addition, the specificities of substantive policy fields (noting how they are constituted discursively and socially as well as through particular technologies of policy-making and implementation) and their associated forms of government and governance. The six basic modes of crisis corresponding to these dimensions (which

	<b>State Territory</b>	<b>State Apparatus</b>	<b>Population</b>
<b>Defining Features</b>	Bordered territory subject to control by state authority	Special staff with division of labour and specific state capacities.	Population of state
<b>External Aspect</b>	Exclaves, colonies claims to extra-territoriality	Recognition of sovereignty by other states	Aliens, refugees, stateless persons
<b>State Crisis</b>	Insecure borders, occupation,	Loss of state capacity, crisis of legitimacy Government-in-exile	Demographic decline, emigration
<b>State Failure</b>	Military defeat Loss of territorial sovereignty	Administrative failure, loss of legitimacy	Forcible removal, genocide, civil war, dual power, or divided loyalties.

**Table 2: The Three Element Approach to the State**

are by no exhaustive, witness the discussion of fisco-financial crisis below as well as the possibilities of a wide-ranging ‘organic crisis’ affecting the state in its integral sense) are (1) the breakdown of established channels of representation; (2) a loss of coherence as the state breaks into competing branches, departments, and tiers; (3) a loss of effectiveness of past and present modes of intervention; (4) a crisis in the social bases of the state, reflected in the disunity of the power bloc and/or in the decomposition of the institutionalized compromise that underpinned state power; (5) the loss of legitimacy, perhaps because the state fails in some undertaking on which it had staked its reputation, such as a war or the promise of economic prosperity; and (6) a crisis of hegemony (on the first, fourth, and sixth, see Gramsci 1975; on the third and fifth, see Habermas 1975; on state failure more generally, Taylor 2013).

<b>Dimension</b>	<b>Definition</b>	<b>Significance</b>	<b>Crisis Aspects</b>
<b>Three formal dimensions</b>			
Modes of Representation	These give social forces access to state apparatus and power	Unequal access to state Unequal ability to resist at distance from state	Crisis of representation
Modes of Articulation	Institutional architecture of levels and branches of state	Unequal capacity to shape, make, and implement decisions	Crisis of institutional integration
Modes of Intervention	Modes of intervention inside state and beyond it	Different sites and mechanisms of intervention	Rationality crisis
<b>Three substantive dimensions</b>			
Social Basis of State	Institutionalized social compromise	Uneven distribution of material and symbolic concessions to 'population' to secure support for state, state projects, specific policy sets, and hegemonic visions	Crisis of power bloc Disaffection with parties and state
State Project	Secures apparatus unity of state and its capacity to act	Overcomes improbability of unified state system by giving orientation to state agencies and agents	Legitimacy crisis
Hegemonic Vision	Defines nature and purposes of state for wider social formation	Provides legitimacy for state, defined in terms of its contribution to the "common good", public welfare, etc	Crisis of hegemony

**Table 3: Six Dimensions of the State and State Power**



### 3. Government and governance

The three substantive aspects take us beyond the three formal components of the state to the mysteries of state power. Gramsci provides interesting insights here thanks to his greater interest in the modalities of state power than the state's formal juridico-political features. He explored the modern state in its integral sense (*lo stato integrale*), which he defined as 'political society + civil society'; moreover, in this context, he suggested that, with the rise of mass politics in political society and civil society alike, state power in relatively stable bourgeois democratic societies rests on 'hegemony armoured by coercion' (Gramsci 1971). He explored hegemony (or political, intellectual and moral leadership) and organized force (including paramilitary and military operations) primarily in terms of their relevance to class domination. The same concerns pervaded his analyses of intermediate modalities of governance, such as absorption of the leaders of subaltern organizations and movements, piecemeal reforms to pre-empt revolution, and fraud-corruption. These limitations can be overcome by rephrasing Gramsci's aphoristic propositions in more contemporary terms that have wider political and policy relevance in 'normal'<sup>1</sup> states as follows: the state in its integral sense comprises 'government + governance in the shadow of hierarchy'. This acknowledges that the exercise of state power: (1) extends beyond imperative coordination and positive law to include the mobilization and allocation of money and credit and the gathering and strategic use of intelligence, statistics, and other kinds of knowledge (Willke 1992; Foucault 2008a, 2008b; Miller and Rose 2008); (2) depends on the capacity to mobilize active consent or passive compliance from forces situated and/or operating beyond the state in its narrow juridico-political sense; and (3) includes meta-governance or *collibration*, that is, the strategic rebalancing of modes of government and governance to improve the effectiveness of indirect as well as direct state intervention, including the exercise of power at a distance from the state (Dunsire 1997; Jessop 2002; Meuleman 2008). Introduced by Scharpf (1993), the term 'shadow of hierarchy' is another way to refer to the state's capacity to engage in collibration (for further discussion of the term, including its relevance to weak or failed states, see Börzel and Risse 2010; Héritier and Rhodes 2011). For present purposes, the shadow of hierarchy denotes the indirect influence that states may exercise over other actors or forces in political and civil society through the real or

imagined threat of executive or legislative action that draws on the state's unique capacities and powers, including the legitimate or illegitimate use of coercion. This is not a purely technical or technocratic process but, as with other aspects of state power, involves efforts to secure and/or rework a wider 'unstable equilibrium of compromise' organized around specific objects, techniques, and subjects of government and/or governance.

Rephrased in these terms, Gramsci's notion of the integral state retains its relevance to class analysis but can be extended to other aspects of the state and state power, enabling links to more mainstream forms of political and administrative analysis. The notion of government plus governance in the shadow of hierarchy can, for example, inform thinking about the polity, politics, and policy and assist in the disambiguation of notions such as politicization. First, the nature of the *polity* is shaped by the 'lines of difference' drawn between the state and its 'constitutive outside', whether this comprises an unmarked residuum external to the political sphere (e.g., state vs society, public vs private) or one or more marked spheres with their own institutional order, operational logics, subjects, and practices (e.g., the religious, economic, legal, educational, or scientific fields). This is more productive analytically than the notion of 'political society + civil society'. Moreover, politicization, which, in this context, could usefully be designated *politization*, extends the frontiers of the polity (penetrating or colonizing the non-political sphere(s) and subordinating it/them to political factors, interests, values, and forces). In turn, *depolitization* rolls these frontiers back, and *repolitization* reintegrates depoliticized spheres into the political (Jessop 2014). These potentially alternating processes can occur for various reasons, be promoted by quite different forces, and affect the balance of forces in diverse ways. Their overall significance for politicization broadly considered nonetheless depends on how they are connected to changes in politics and policy.

Second, *politics* refers to formally instituted, organized or informal practices that are directly oriented to, or otherwise shape, the exercise of state power. As such, it comprises inherently open-ended and typically heterogeneous political practices that are mediated through the state's forms of representation, 'withinputs', and modes of intervention. The scope of politics depends on which issues are regarded by social forces and political actors as appropriate topics for state action and their capacities

to articulate these views in the political system. Still aiming to disambiguate politicization, we can refer to these processes as *politicalization*. This covers, inter alia: (1) the forms and stakes of normal and/or exceptional politics; (2) the thematization of issues as controversial, negotiable, or consensual; (3) the subjective identity as well as material and ideal interests of political agents; (4) their location within, on the margins of, or at a distance from the state's institutional architecture; and (5) their positioning relative to the front- or back-stage of the political scene. This is where challenges like those noted in the CFP may become objects of political contestation as attempts occur to establish, deny, or reframe their relevance to the political field and changing policy agendas. These attempts may involve reorganizing the integral state in the shadow of hierarchy and, indeed, serve to enhance state power by exercising influence indirectly and/or at a distance from the state.

Third, policy denotes the formation of specific policies, policy-making, policy-taking, and policy-implementation, including non-decisions and abstention from state action. Terms such as politicization, depoliticization, and repoliticization are deployed in this context too. Policy processes occur within a framework defined by polity and politics (and can transform it) but they are also constrained because 'politics takes time' and not all potential topics of policy can be discussed and acted upon. Some implications of this for 'fast policy' are noted below. To conclude this section, let us note that, as already indicated, the notion of depoliticization often conflates the analytically distinct processes of depoliticization, depoliticalization, and state abstention from policy-making and decision-making. These and cognate processes shape the efficacy of state power (government and governance in the shadow of hierarchy) in paradoxical ways by insulating the state from political pressures that might limit its ability to pursue state projects (for examples from central bank independence and economic crisis management, see Burnham 2001 and 2014; also Jessop 2014 and below).

## **Capital and the State**

Much of the literature (and much political discourse) presupposes a separation between the economy and politics, the market and the state. From a critical political economy viewpoint, this is misleading – not because this separation is absent but because it is part of a bigger picture. It depends on the variable lines of demarcation

between the economy and politics and their structural and strategic significance. Structurally, this separation is the condition for trade in free markets and the rational organization of production and finance as well as the existence of a constitutional state based on the rule of law. This interdependence between market and state is one reason why Milton Friedman (1962) (among other advocates of capitalism) described himself as a liberal rather than an anarchist. Strategically, differential accumulation depends on the use of economic *and extra-economic* resources to create the conditions of profitable accumulation and/or to socialize losses. The forms and extent of separation between the profit-oriented, market-mediated aspect of accumulation and its crucial extra-economic supports in, *inter alia*, the legal and political system and, notwithstanding this variable institutional separation, by the continued reciprocal interdependence of 'market' and 'state' as complementary moments in the reproduction of the capital relation. In this sense, the state is never absent from the process of capital accumulation, whether in stability or crisis: even *laissez-faire* is a form of state intervention because it implicitly supports the outcome of market forces (cf. Gramsci 1975). The state not only provides general external conditions of production, allocates money, credit, and resources to different economic activities, and helps to frame and steer production, distribution, and trade; it is also involved in organizing and reorganizing class alliances among dominant class fractions and disorganizing subordinate classes and forces, whether through divide-and-rule tactics or through articulating a national-popular interest that transcends particular class interests (Gramsci 1975; Poulantzas 1978).

The state *qua* tax-state has become prominent again. As Schumpeter once noted:

Public finances are one of the best starting points for an investigation of society, especially though not exclusively of its political life. The full fruitfulness of this approach is seen particularly at those turning points, or better, epochs, during which existing forms begin to die off and to change into something new. This is true both of the causal significance of fiscal policy (insofar as fiscal events are an important element in the causation of all change) and of the symptomatic significance (insofar as everything that happens has its fiscal reflection) (Schumpeter 1954: 7).

The capitalist type of state is a tax-state, i.e., it gets revenue from its general power to levy taxes on the activities and subjects of an essentially private economic order, and this depends on its monopoly of coercion and its ability to set the currency in which taxes are paid. State revenues derive from taxes or loans guaranteed by the power to levy taxes. This distinguishes the capitalist type of state from states that use their own productive property to generate resources for use or sale (whether through strategic resources, such as oil or gas, through state-owned productive property, or sovereign wealth funds) and from private economic agents, individual or corporate, who must earn money through their own economic activities or valorize their own property before they can obtain goods and services from the market.

Only with the rise of the constitutional state based on the rule of law, which accompanied capitalist development in the West, were taxes transformed: (1) from: payments linked to precisely circumscribed tasks undertaken by the state into general contributions to state revenue spendable on any legitimate task; (2) from extraordinary, irregular, and overwhelmingly short-term imposts into regular and permanently levied taxes; and (3) from payments that the monarch had to secure through negotiation to payments that effectively became compulsory (cf. Krätke 1984). Interestingly, this third feature is now in decline because transnational firms and banks as well as many wealthy households can now choose how to present their accounts for tax purposes and to 'offshore' wealth and income beyond the formal reach of local, national, or even supranational states.

This last observation highlights another aspect of the separation, structural coupling, and co-evolution of the economy and politics: its potentially global character. At stake here is the tendential integration of the world market (*Weltmarkt*) alongside the continuing plurality of the world of states (*Staatenwelt*). This has significant consequences for accumulation on a world scale and for the territorial and temporal sovereignty of states. On the one hand, the world market is tendentially unified and integrated through the logic of profit-oriented, market-mediated competition based on trade, financial flows, and (capitalist) commodity production. It constitutes *both* the ultimate strategic horizon for individual capitals and groupings thereof in the competition for differential accumulation *and* the actually existing point of intersection of these capitals. The resulting interaction within a world market framework limits the

scope for success of any particular strategy and is one reason why states take great interest in the organization of the world market and the rules that govern it. On the other hand, we still find a 'motley diversity' of states that are often rivals, if not deadly enemies. These have quite varied sizes, resources, commitments and abilities to promote and govern accumulation, whether on the part of their respective domestic capitals operating at home and abroad and/or on the part of foreign or transnational capitals whose activities impinge on domestic economic and political interests. They no more exist in unchanging mutual isolation, however, than do local, regional, national or international markets. Plurinational blocs, strategic alliances, temporary coalitions, and so forth, oriented to geo-economic and/or geopolitical advantage, operate here and are likely to change along with the changing bases of competition and competitiveness. Thus the 'reconfiguration of the global political economy' at various scales derives from the interaction of the world market and world of states.

This structural coupling and co-evolution can be related in part to Harvey's contrast between the (strategic) logic of capital (in general) and the territorial (strategic) logic of particular states. While the former aims to reduce obstacles to the *movement of capital* in a space of flows, the latter aims to *fix capital in place* to maximize revenues for a particular local, regional, national, or larger territorial unit and/or mobilize state power to control territory for geo-political purposes. This creates a tension between (1) potentially mobile capital's interests in reducing its place-dependency and/or liberating itself from temporal constraints and (2) state interests in fixing (allegedly beneficial) capital in its own territory and rendering capital's temporal horizons and rhythms compatible with statal and/or political routines and temporalities. Harvey adds that each logic generates contradictions that must be contained by the other, leading to a spiral movement as contradictions are displaced to and fro between them. This is reflected in different forms of uneven geographical development, geopolitical struggles, and imperialist politics and in different kinds of crisis. Thus, if the territorial logic blocks that of capital, economic crisis may result; if capitalist logic undermines territorial logic, there may be a political crisis (Harvey 2003: 140).

#### **4. The reference points for challenges**

As noted in the introduction, to talk meaningfully about challenges to the state, a

reference point must be specified. For most work in policy studies, political science, political economy, and governance studies that are concerned with the advanced economies and/or liberal democratic regimes, this referent has shifted in the last 40 years or so from the post-war Keynesian welfare national state to the changing character of neo-liberal regimes and/or the pursuit of neo-liberal policies and, most recently, the symptoms of crisis *in* and/or *of* neo-liberalism. The 'Keynesian welfare national state' refers to the states that developed in the post-war circuits of North Atlantic Fordism – an accumulation regime characterized by a virtuous national or, in some cases, transatlantic circle of mass production and mass consumption. They sought to manage relatively closed national economies on behalf of their respective national populations in a world of national states (Jessop 2002). This state project was based on a class compromise between profit-producing (or industrial) capital and the organized working class. It was undermined by internationalization. This made it harder to continue treating the wage and social wage (welfare spending) as sources of domestic demand rather than as costs of international production; and treating money as a national currency controlled by national states rather than as a tradeable asset in world markets.

At least two other kinds of national state that developed in this period have also provided benchmarks for discussion of challenges to the state: dependent states oriented to import-substitution industrialization; and developmental states oriented to catch-up competitiveness based on neo-mercantilist export-led growth. These types were also challenged in their own way (albeit at different times and with important national specificities) by the growing internationalization of economic relations, which has weakened national states' capacities to use their extant powers and resources to deliver economic growth and to maintain, let alone extend, social welfare.

An initial set of responses to these challenges was identified in the academic literature and lay discourse as: (1) the *hollowing out* of the national state, involving the transfer of powers upwards, downwards, and sideways; (2) a shift from *government* to *governance*, that is, from hierarchical command to reliance on networks and partnerships; and (3) a shift from a world of sovereign states to a global polity characterized by the internationalization of policy regimes and the increasing role of these regimes as sources of domestic policy. These trends were

often described in one-sidedly, however, to the neglect of counter-trends. The latter comprised: (1) efforts by national states to influence which powers were shifted and how they were applied in local and national contexts; (2) efforts to engage in meta-governance or collibration, that is, to organize the conditions of self-organization; and (3) interstate struggles to shape international regimes and global governance and/or to control their local or national implementation (for elaboration, see Jessop 2002).

More recently, the key challenges have been construed as bearing on the capacities of states that have undergone one or another form of neoliberalization. (1) neo-liberal system transformation (e.g., post-socialist states, with shock therapy in Russia, the Baltic republics, and so on), (2) neo-liberal regime shifts (e.g., the USA, UK, New Zealand, Australia, Ireland, and Iceland), (3) neo-liberal policy adjustments (e.g., Rhenish and Scandinavian coordinated market economies with conservative or social democratic welfare regimes), and (4) neo-liberal structural adjustment programmes (e.g., developmental states and dependent economies oriented to import-substitution industrialization as well as, more recently, some Southern European economies such as Greece). Despite these significant differences in the forms of neoliberalism (each of which is marked by variegation), there are six common features of neo-liberalism that have different weights and sequencing depending on initial starting points. These six features comprise the ideal typical neo-liberal policy set: (1) liberalization, (2) deregulation, (3) privatization, (4) market proxies in the residual public sector, (5) internationalization, and (6) reductions in direct taxation. These different forms of neoliberalization and their common features are clearly related to the reframing and recalibration of the welfare state, the blurring of public-private boundaries, managing large-scale public reforms; and also clearly related, in the wake of the North Atlantic Financial Crisis (NAFC) and its uneven global contagion effects, to the volatility and uncertainty of global finance and institutions, redesign of the global political economy, and a diverse crises that affect individual states and the world of states. This explains the rise up the political agenda of challenges posed by crises, crisis-management, and post-crisis recovery.

## **5. Crises, Crisis Construals, and Crises of Crisis-Management**

Crises are, as the cliché suggests, moments of *danger* and *opportunity*. As such,



they have both objective and subjective aspects. Objectively, they occur when a set of social relations (including their ties to the natural world) cannot be reproduced ('go on') in the old way. Subjectively, they are moments of indeterminacy, where decisive action can repair these relations, prompt piecemeal adaptation, or lead to radical innovation (cf. Debray 1973). When repair work or piecemeal adaptation fails, perhaps because incorrect crisis-management responses were tried or because the crisis is too deeply rooted in the logic of a system, the latter will also fail, leading to stagnation, political paralysis, or perhaps a new system.

Crises can be seen as 'accidental' products of natural or 'external' forces (e.g., crop failure, tsunami, or invasion) or as resulting from the inherent crisis potentials and tendencies of specific social forms (e.g., capitalism, liberal democracy). In addition, crises, whether regarded as accidental or systemic, may take a familiar form for which crisis-management routines have already been developed and/or which can be solved quickly through trial-and-error experimentation that restores 'business as usual'. These can be described as normal crises or crises *in* an organization, institutional order, functional system, or wider social order. Crises *of* institutional orders, functional systems, or social orders are less common. They typically involve a crisis of crisis-management, indicating the inability to 'go on in the old way' in the face of challenges that require radical new approaches to crisis-management and resolution or, indeed, indicating deep-seated contradictions and crisis-tendencies that demand more radical transformation or, even, revolution (on crises of crisis-management, see Offe 1984). The disorienting effects of crisis create the space for contesting previously sedimented meanings, which can occur in many different fields on many different scales. This can create in turn opportunities to reorder the lines of demarcation that distinguish the polity from its 'constitutive outside', to reshape the political field and reconfigure the state apparatus and bases of state power, and to redefine the legitimate themes and topics for policy debate, policy-making, and policy implementation. In short, crises are opportunities for political contestation and learning as well as policy learning.

The lived experience of serious crises is always partial, limited to particular social segments of time-space. No-one experiences THE CRISIS. Thus construals of the overall dynamics of a crisis are heavily mediatized, that is, they depend on specific

forms of visualization and media representations. Different actors have different access to these accounts and their explicit or implicit crisis narratives; and the mass media often present very different accounts from those in specialized, insider media. Thus, whether considered as events or processes, crises prompt diverse construals as actors seek to: (1) make sense of the 'crisis' as it unfolds in space-time; (2) attribute (rightly or wrongly) ideological, institutional, technical, and personal (or organizational) blame; (3) establish whether this is a crisis 'in' or 'of' the relevant system(s), (4) chart alternative futures to prevent or guide them, and (5) recommend specific lines of action for particular forces over different time frames and spatial horizons. Construing a serious crisis is itself a challenging task because crises have many structural and conjunctural aspects and spatio-temporal complexities; and they affect social forces in quite varied ways. In short, it is hard to read crises.

Securing consensus on a construal is nonetheless half the battle in setting the terms in which it might be resolved. But it is only half the battle. For this construal must be translated into coherent solutions that match the objective dimensions of the crisis and that can be implemented with appropriate resources and governmental technologies. Powerful narratives without powerful bases from which to implement them are less effective than more 'arbitrary, rationalistic and willed' accounts pursued by the powerful. Indeed, because power is, in key respects, the ability *not* to have to learn from one's mistakes (Deutsch 1963: 111), leading social forces that played a key role in creating, precipitating, or prolonging a crisis may try to impose the costs of their mistakes onto others and to distort the learning process.

Crisis construals frame the range of actions that occur in response to a crisis (for a well-known case study in political sociology, see Hay 1996; more generally, de Ruycker & Don 2013). While some constructivist theorists construe all construals as arbitrary, this extreme stance can be countered by distinguishing arbitrary, or conventional, [often linguistic] signs from natural signs, which are the visible symptoms of underlying 'real world' events or processes (Augustine of Hippo 389 AD). Crises become visible through their symptoms but, because there is generally no one-to-one relation between symptom and cause, especially in serious crises, the symptoms need construing to establish their deeper causes as the basis for decisive interventions. As in the medical field, 'symptomatology' is based on trial-and-error

observation and construal that draws on past experience but may also require forgetting as basis for 'correct' intervention.

In this context, construals can be assessed in terms of their scientific validity, which deals with the past and present; and/or in terms of their correctness, that is, the capacity to discern the transformative potentials in particular crisis conjunctures. Whether this potential is actualized depends on the actions taken within limits that are set by (1) the objective nature of the crisis conjuncture; (2) the interpretive and mobilizing power of strategic perspectives; (3) the balance of forces associated with different construals; and (4) whether certain kinds of construal can only be acted upon by certain institutions or actors, such as declaring a state of emergency.

## **6. Economic and political crisis**

Economic crises are not *per se* decisive for politics and the state. Indeed, as indicated, 'normal' crises are often means to renew capital accumulation by purging inefficient capitals, removing disproportions, and re-imposing the unity of circuits of capital. But there is no invisible hand that guarantees the self-stabilization of profit-oriented, market-mediated accumulation; nor can this occur through visible or invisible handshakes (or the use of an iron fist) in cases where political factors such as force, domination or close ties to the state contribute significantly to differential accumulation. Nor are there any technocratic guarantees of successful crisis-management. This said, financial and economic crises have more radical effects when the state is the addressee in the first (or even last) instance of calls for crisis-intervention and resolution and the state and politics are affected by crises that hinder or block effective crisis-management, leading to crises of crisis-management (on kinds of state and political crisis, see above and Poulantzas 1979). State and political crises may translate or displace economic crisis tendencies and symptoms into the political field and/or intensify both types of crisis. Even without extant political and state crisis-tendencies, an acute economic crisis or 'economic emergency' can weaken the 'temporal sovereignty' of the state apparatus (see below). This highlights the relevance of polity, politics and policy to crisis management and crisis recovery.

The NAFC was not initially linked in the spaces in which it first visibly broke out to a

crisis in the state in its integral sense, that is, in 'government + governance in the shadow of hierarchy'. Instead, 'market failure' led to 'state rescue' as too-big-to-fail banks were bailed out and measures taken to facilitate a superficial return to financial 'business as usual'. It has taken far longer to secure a limited, halting recovery in the 'real economy' and, in some cases, this has still not occurred or has been achieved by stimulating fresh bubbles through quantitative easing (QE) and a virtually zero interest rate policy (ZIRP). Meanwhile the immediate rescue measures, QE, ZIRP (which rebuilds bank capital, boosts bank profits, supports renewed speculation, keeps government interests payments down, and enables financial repression), and generally half-hearted (but loudly proclaimed and fiercely condemned) austerity programmes have helped to transform a liquidity and financial crisis into a crisis of public finance and sovereign debt. This in turn have been invoked to justify a reinvigoration of neo-liberalism, the extension of neo-liberal structural adjustment programmes, and a pre-emptive tightening of surveillance and policing measures to weaken the ability of subaltern groups to protest and resist the new politics of austerity and welfare retrenchment. This is even more important to the extent that the apparent recovery, however uneven it remains within and across national and regional economies, remains fragile and there are serious doubts about how effectively the exit strategy from crisis-management measures can be finessed.

## **7. From liberal democracy to post-democracy?**

There are sound formal and historical reasons to support the general claim of a partial correlation or isomorphic complementarity between the market economy and liberal democracy. There are also many examples of authoritarian and totalitarian regimes that have presided over capitalist development and/or emerged in economic and political crisis conjunctures in consolidated capitalist social formations. This has prompted regular concern with the conditions in which one or other kind of capitalism can co-exist with and/or sustain liberal democracy, and vice versa. Such concerns had already emerged during the growth of imperialism at the end of the nineteenth century and they were repeated in different forms in the declaration of states of emergency and suspension of normal parliamentary politics during the first and second world wars, the crisis of parliamentary regimes that accompanied the Great Depression, the crisis of Atlantic Fordism in the 1970s, and, most recently, still

referring to the advanced capitalist economies, the NAFC and the crisis *in* (and only rarely of) neo-liberal political regimes.

A common trend in these states of military, political and economic emergency has been the strengthening of authoritarian statism. This involves 'intensified state control over every sphere of socio-economic life combined with radical decline of institutions of political democracy and with draconian and multiform curtailment of so-called "formal" liberties' (Poulantzas 1978: 203-4). In its incarnation from the 1970s onwards, key features of authoritarian statism include: (1) the transfer of power from the legislative to executive branch and the growing concentration of power within the executive; (2) decline in the rule of law as conventionally understood plus greater resort to soft law, pre-emptive surveillance and policing, and emergency measures; (3) a transformation of political parties from transmission belts that represent public opinion to the administration and, relatedly, from major forces in organizing hegemony into vehicles for relaying state ideology and justifying policies to the population; (4) the rise of parallel power networks that cross-cut the formal organization of the state, involving links among industrial and financial elites, powerful lobby groups, politicians from the 'natural' governing parties, top bureaucrats, and media magnates, with a major share in shaping its activities, (Poulantzas 1978; Crouch 2004; Elsner 2013).

While this can be seen as a secular trend, with reversals that never return politics to the status quo ante but have a ratchet-effect that means that the next authoritarian step starts from a higher point, security, economic, and political crises are important drivers of each new step. Accompanying these trends in the context of economic crises is the loss by states at different scales of temporal sovereignty. While the development of the world market and its associated space of flows is widely regarded as challenging the state's territorial sovereignty, its temporal sovereignty is said to be challenged by the acceleration of time (Scheuerman 2003). States face growing temporal pressures in policy-making and implementation due to new forms of time-space distantiation, compression, and differentiation. For example, as the rhythms of the economy at different scales accelerate relative to those of states at different scales, state apparatuses have less time to determine and co-ordinate political responses to economic events, shocks, and crises – whether these

responses are formulated by a state or states, public-private partnerships, or international regimes. This reinforces conflicts between the time(s) of the market and the time(s) of state policy-making and implementation and, *a fortiori*, of inter-state coordination. One response has been withdrawal from areas where states are actually or allegedly too slow to make a difference or would become overloaded if they tried to keep pace. This *laissez-faire* response frees up the movement of superfast and/or hypermobile capital – increasing the chances of crises generated by relatively unregulated activities with potentially global contagion effects.

A second option is to compress decision-making cycles through the shortening of policy development cycles, fast-tracking decision-making, and engaging in rapid policy implementation to enable more timely and appropriate interventions. But this means that decisions could be made on the basis of unreliable information, insufficient consultation, lack of participation, etc., even as state managers continue to believe that policy is taking too long to negotiate, formulate, enact, adjudicate, determine, and implement. This is especially marked in the face of (real or imagined) emergencies: contrast the financial crisis in 2008 with the more gradual, decade-long unfolding of the crisis in/of Fordism from the mid-1960s onwards. In general, this privileges those who can operate within compressed time scales at the expense of those with long decision-taking cycles, narrows the range of participants in the policy process, and limits the scope for deliberation, consultation, and negotiation. It thereby privileges the executive over the legislature and the judiciary, finance over industrial capital, consumption over long-term investment. It also undermines the routines and cycles of democratic politics more generally. This is clear in the recent global financial crisis, where pressure to act forced states to rescue banks that were deemed ‘too big to fail’ and led to the concentration of decision-making power in the hands of a small financial elite who had played a key role in creating the crisis in the first instance. Interestingly, the limits to this approach are becoming apparent in hostility to fast track authority in the USA regarding the Trans-Pacific Partnership.

A third option is not to compress absolute political time but to create relative political time by slowing the circuits of capital. A well-known recommendation here is a modest tax on financial transactions (the ‘Tobin tax’), which would decelerate the flow of superfast and hypermobile financial capital and limit its distorting impact on

the real economy. The continued success of financial capital in blocking the Tobin tax (most recently in the European Union) illustrates the limits of this strategy.

## **8. Concluding remarks**

This wide-ranging *tour d'horizon* of themes and issues that were posed by the conference organizers and/or that follow from the conference agenda has outlined a theoretical approach that indicates possible connections among different 'real world' and theoretical challenges and suggests some guiding threads for research on politics and policy. Little time or space is now left for conclusions. I therefore restrict my concluding remarks to five basic propositions that are outlined above, could help to frame current debates, and would provide useful themes for future research. First, there are no global challenges that have uniform effects on the state in general: globalization is multiform, multiscale, multi-temporal, and multicausal and different aspects have different effects with uneven consequences for the exercise of state power. Second, the 'present state' does not exist: there is a motley diversity of states whose diversity can be studied through a strategic-relational approach to state power, bearing in mind the distinction between polity, politics, and policy. Third, crises are objectively overdetermined, subjectively indeterminate and, for this reason, how crises are construed and translated into strategic action and policy has important path-shaping effects. Fourth, crises are normal events and process and, through time, social forces learn how to cope with them. So it is crises of crisis-management that present the biggest challenges to politics and that are likely to have the biggest effects on the transformation of the polity, politics, and policy. Fifth, in the current period, we can observe a trend to a post-democratic, authoritarian statism, which seems to be accelerating. This represents a major challenge to political and civil society but is not inevitable.

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## Endnote

<sup>1</sup> 'Normal' refers here to the ideal-typical form of the modern state, i.e., a state based on the rule of law; it does not entail that the typical state is a constitutional state.

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