BEYOND RELATIVE AUTONOMY: STATE MANAGERS AS HISTORICAL SUBJECTS*

Fred Block

Neo-Marxist analyses of the state and politics now centre on the vexed question of the 'specificity of the political'. What is the degree to which politics and the state have independent determining effects on historical outcomes? Can the state or the people who direct the state apparatus act as historical subjects? The questions are critical because without a clear set of answers, it is impossible to develop a consistent theory of the state.

In an interview done only months before his death, Nicos Poulantzas insisted that these questions had been answered through the idea of the relative autonomy of the state. Poulantzas' remarks are worth quoting at length:

Interviewer: Much of your writing has been directed towards questions of the state and of politics, based upon the concept of 'relative autonomy'. What is your assessment of the capacity of a theory based on a concept of 'relative autonomy' to grapple with the problems of the specificity of the state and politics?

Poulantzas: I will answer this question very simply because we could discuss it for years. It is very simple. One must know whether one remains within a Marxist framework or not; and if one does, one accepts the determinant role of the economic in the very complex sense; not the determination of forces of production but of relations of production and the social division of labour. In this sense, if we remain within this conceptual framework, I think that the most that one can do for the specificity of politics is what I have done. I am sorry to have to speak like that.

I am not absolutely sure myself that I am right to be Marxist; one is never sure. But if one is Marxist, the determinant role of relations of production, in the very complex sense, must mean something; and if it does, one can only speak of 'relative autonomy'—this is the only solution. There is, of course, another solution, which is not to speak of the determinant role of the economic at all. The conceptual framework of Marxism has to do with this very annoying thing which is called 'relations of production' and the determinant role of relations of production. If we abandon it then, of course, we can speak of the autonomy of politics and of other types of relations between politics and economics.

Poulantzas' comments constitute a direct challenge to those in the Neo-Marxist tradition who would argue for greater recognition of the

*This paper has grown out of discussions with Karl Klare, Theda Skocpol, Larry Hirschhorn, Margaret Somers and David Plotke.

227
specificity of the state and politics than is possible within the relative autonomy formulation. The challenge does not rest ultimately on a dogmatic assertion about what is and what is not Marxism. Rather, implicit in Poulantzas' formulation is the warning that those who proceed beyond the relative autonomy formulation risk losing what is most valuable in Marxism—the analytic power of the framework. The clear danger is slipping into a form of theorising in which everything influences everything else, so that it becomes impossible to grasp the basic dynamics of a particular social formation.

The present paper is intended as a provisional attempt to take up this challenge. My argument is that the relative autonomy formulation is too limiting and that it is possible to construct an alternative framework that goes further in recognising the specificity of the state, while still acknowledging the 'determinant role of relations of production'. In a brief essay, I can only outline such an alternative formulation, but I hope to demonstrate its analytic power by comparing the interpretations of the present conjuncture that flow from the two competing frameworks.

The Limits of Relative Autonomy
The major thrust of recent Marxist work on the capitalist state has been to view the state, 'as a system of political domination with specific effects on the class struggle'. The relative autonomy formulation has played an important role in this development by making clear that the state is not subject to direct and immediate control by the capitalist class, but that it has a degree of autonomy from such control. This insight makes clear that not all state actions can be explained as responses to the interests of particular factions of the capitalist class, but rather many actions can be understood as flowing from the state's function as the 'factor of cohesion' in the social formation. Yet in fulfilling these functions, the state is acting in the interests of the capitalist class as a whole—hence the autonomy of the state is relative and limited.

The central problem with this formulation is the difficulty of specifying the limits of 'relative autonomy'. The phrase suggests that if the state managers were to exceed certain limits, the capitalist class—or factions thereof—would act to bring the state back into line. But such disciplinary action would appear to depend on the degree of consciousness, consensus, and political capacity of the capitalist class or its most important factions. But if the argument is formulated in this way, it is possible to imagine historical circumstances in which capitalists are unable to keep the state from achieving full autonomy. Alternatively, if the argument is that there are structural limits on the degree of state autonomy, then it should be possible to identify concrete structural mechanisms that prevent the state from exceeding its normal authority. Thus far, there has been little said about what those structural mechanisms might be.
Another important problem is that the relative autonomy formulation preserves the tendency in orthodox Marxism to explain all major state initiatives as the products of specific class interests. Hence, theorists of relative autonomy, no less than earlier Marxist theorists, explain Roosevelt's New Deal or Hitler's policies as reflections of specific class interests. This approach requires locating the relevant fraction of capital whose policies were being pursued even when there is little historical evidence that such fractions existed. The result is such anomalies as the claim that both the National Socialist regime and the German Federal Republic were rooted in German heavy industry and finance capital.

These difficulties suggest that the relative autonomy formulations might not be, as Poulantzas suggests, the final destination of the Marxist theory of the state. It appears rather as a cosmetic modification of Marxism's tendency to reduce state power to class power. This reduction does not occur in the relative autonomy formulation as quickly as it does in orthodox Marxist formulations that centre on the state as executive committee of the ruling class. But the reduction does ultimately occur because state power is still conceived as entirely a product of class relations. In Poulantzas' phrase, the state is the 'condensation of class relations'. A condensation cannot exercise power.

An Alternative View: State Power in a Class Context

The starting point of an alternative formulation is the acknowledgement that state power is sui generis, not reducible to class power. As Weber insisted, the heart of that power is the monopoly over the means of violence, which is the basis on which the managers of the state apparatus are able to force compliance with their wishes. But the exercise of state power occurs within particular class contexts, which shape and limit the exercise of that power. These class contexts in turn are the products of particular relations of production. To put it in other terms—each social formation determines the particular ways in which state power will be exercised within that society and social formations will vary in the degree to which the exercise of state power is constrained by class power.

This formulation assumes that state managers collectively are self-interested maximisers, interested in maximising their power, prestige, and wealth. But any set of political institutions will set limits on the kind of maximisation normally pursued. For example, within a parliamentary system, where control of the executive branch alternates between two parties, it is generally foolish for a particular group of state managers to take excessive actions to preserve their power in the short term if these actions might jeopardise their party's future chances for electoral victory. In short, state managers will tend to maximise within particular political 'rules of the game'. Beyond these rules lie particular patterns of class relations that reinforce the limits on state managers' pursuit of their
collective self-interest. Yet it must be stressed that all of these limits are contingent and not absolute. Within particular historical circumstances, state managers might pursue their self-interest in ways that violate both the existing political rules and the normal constraints of class relations.

This possibility means that state managers pose a potential threat to other classes, particularly those classes that control substantial resources. The possibility exists that state managers, to improve their own position, will seek to expropriate, or at the least, place severe restrictions on the property of dominant classes. This threat is the root of the emphasis in bourgeois ideology on the need to prevent the emergence of a Leviathan state that swallows civil society. Yet since the bourgeoisie or other propertied classes cannot survive without a state, those classes have little choice but to seek a modus vivendi with the state managers. In social formations dominated by the capitalist mode of production, the dominant historical pattern has been the development of a modus vivendi that is highly favourable to the owners of capital. Not only have state managers been generally restrained from attacking the property rights of capitalists, but the exercise of state power has largely been used in ways that strengthen the capitalist accumulation process. This modus vivendi is rooted in the class context created by capitalism.¹⁰

The Capitalist Context
One key dimension of the context is capitalism's existence as a world-system. One need not accept all of Wallerstein's formulations to acknowledge that capitalism operates on a world scale. The components of this world system are a world market and a competitive state system. Although the competitive state system predated the rise of capitalism, it became a critical component of the global workings of capitalism. The self-interest of state managers, particularly within the more developed nations of the capitalist world system,¹¹ leads directly to a concern with their nation's relative standing within the world economy and state system. Both military defeat and declining international competitiveness raise the spectre of fewer resources available internally and effective challenges by outside or inside forces to the state manager's control over the state apparatus. These dangers can be reduced if state managers pursue actions to strengthen the accumulation process. An expanding economy provides the resources for an effective military and the means to buy off potential challenges for state power.

The pressures of the competitive state system also give state managers an additional impetus to reduce internal conflicts, even when those do not pose an immediate threat to state power. If significant groupings in the society such as racial, ethnic, national or class groups are strongly discontented, they create possibilities for an internal 'fifth column' for a rival power or, at the least, of non-cooperation in the event of war,
significantly weakening the nation's military posture. While pressure to conciliate such groups increases with the likelihood of war, the pressure is present at other times since war is a constant possibility within a competitive state system.  

These aspects of the international context interact with a number of key aspects of the domestic class context in shaping the exercise of state power. The first and most important of these domestic factors is the reality of capitalist control over the investment process. State managers are dependent upon maintenance of rates of investment that will assure a high level of economic activity. As noted above, economic strength is a critical component of military preparedness. Further, declining rates of economic activity make it more difficult for state managers to finance the state budget. Finally, declining rates of economic activity tend to lead to increasing discontent and political attacks on the existing order. Hence, state managers have a strong interest in persuading businesses—both domestic and foreign—to invest at rates that will assure high levels of economic activity. Further, there is a strong disincentive against taking actions that will damage business confidence and lead to an investment slowdown.

The second internal contextual factor is the disproportionate control of the capitalist class over wealth of all types. This means that capitalists tend to own the most effective means of persuasion such as the mass media, and the capitalists, more than any other group, have the resources to bribe state managers. This can occur through simple pay-offs, through promises of lucrative jobs after individuals leave political office, and through the bankrolling of election campaigns. The weight of these factors can be attenuated through state control over certain mass media, state financing of elections, and strict codes of ethics. Yet the basic pattern of disproportionate control of resources by a single class remains.

A third factor is that the capitalist mode of production generates a set of interrelated contradictions. The operation of a market economy, as Polanyi insisted, if left to its own devices would destroy society, as capitalists in search of profits would deplete both the labour force and the physical environment. Further, a market economy creates periodic economic crises, resulting from the 'anarchy of production'. These contradictions threaten social dislocation and social rebellion, so that state managers are impelled to act to regulate the market both to protect society and to protect their own rule. Yet in regulating the market, state managers act to save capitalism from itself, reforming and modifying the system in ways that tend to increase its viability.

When these contextual elements are taken together, one can see how the exercise of state power has generally served the needs of the capitalist accumulation process. On the one hand, state managers are reluctant to disrupt the accumulation process, but on the other hand, they face
pressures to intervene to ameliorate the economic and social strains that capitalism produces. Yet it must be emphasised that these interventions still involve conflict between capitalists and state managers. In order to conciliate subordinate social groups, protect society from the market, prevent severe economic crises, and maintain national defences, state managers have had to pursue policies that impinge on the property rights of the capitalist class. Taxation and various forms of state regulation represent challenges to capitalist property rights, and have often been perceived as such. The consequence is that many of the state actions that have served to strengthen capitalism have been opposed by large sections of the capitalist class because they are seen as threats to class privilege and as steps towards the Leviathan state.

One can even speak of a modal process of social reform, where state managers extend their regulation of the market or their provision of services when faced with pressures from subordinate groups or the threat of social disorganisation. Such actions are often opposed by many capitalists, but once the reforms are institutionalised, they are used by state managers in ways that contribute to the accumulation process and to the maintenance of social control. Hence, for example, the extension of educational opportunities might result from working-class pressure, but the expanded schools are used to prepare pliant workers and good citizens.

But given the power held by capitalists, such reforms are ordinarily likely to occur only at the margins of the system. If state managers pursue policies that large sections of the capitalist class see as posing serious challenges to their property rights, the results are likely to be a collapse of domestic and international business confidence, leading to high levels of unemployment and an international payments crisis. Even when motivated by a desire to break with the capitalist mode of production, state managers are likely to respond to such a collapse of business confidence by retreating from their proposals for reform.

**Exceptional Periods: War, Depression, Reconstruction**

There are, however, certain historical periods in which the capitalist context changes, allowing state managers more freedom of action in relation to capitalists. In the twentieth century, periods of war, depression, and post-war reconstruction have been marked by the use of various forms of economic controls that tend to weaken the links between a national economy and the world market. With such controls in place, the loss of international business confidence ceases to be as critical an element because the controls impede the flight of capital. At the same time, the role of domestic business confidence also declines significantly. In depressions, when economic activity has already been sharply reduced, the threat of a further loss of business confidence loses its urgency since the negative consequences are already present. In periods of war-time and
of post-war reconstruction, the business threat is less compelling for the opposite reason—fuelled by government efforts or by pent-up demand—the economy is so strong that business has little freedom to withhold investment. There is also an ideological dimension, particularly during war-time, because the withholding of investment would appear unpatriotic.

It is hardly surprising therefore, that such periods have seen the most dramatic qualitative growth in state activity and the most serious efforts to rationalise capitalism. State managers take advantage of the changes in the structural context to expand their own power and to pursue policies that they perceive as necessary to strengthen the nation's position in the world system and to preserve internal order. Yet even in these circumstances, the capitalist context continues to place certain limits on the exercise of state power. First, state managers still depend upon the capacity of capitalists to produce an economic surplus from the direct producers. Second, such exceptional periods are generally of limited duration and state managers know that they will soon return to their earlier dependence on capitalist cooperation. In depression periods, for example, if state managers succeed in restoring reasonable levels of business activity, they are vulnerable to capitalist pressure, since another economic downturn would be likely to have devastating political consequences. Third, capitalists do retain other weapons, such as their control over the media and often over an opposition party, and these weapons place further constraints on state managers' freedom of action.

But there has been at least one historical case where state managers have taken advantage of the dynamics of an exceptional period to free themselves of constraints imposed by the capitalists. This was the case in Nazi Germany after 1936. Depression conditions and the system of exchange controls imposed during the Mark crisis in 1931 gave Hitler a good deal of freedom of action in the period from 1933 to 1936. He used this freedom to destroy the parliamentary system and to increase vastly the state's role in the economy. Given the seriousness of the social and economic crisis, these actions were generally accepted, if not applauded, by German capitalists. However, the manner in which the Nazi economic programmes were implemented placed German capitalists in a position of growing dependence on the National Socialist regime. Because of the vastly expanded economic role of the state, capitalist firms depended on the state for government contracts, for access to raw materials, and for export and import permits In the years after 1936, the Nazis used this dependence to discourage capitalist resistance while pursuing policies that were no longer in the interests of German capital. An investment strike became impossible because too many of the major firms feared that non-cooperation with the regime would lead to severe economic penalties. Furthermore, the authoritarian nature of the regime stripped capitalists of their normal access to the media or opposition parties, and since even the capitalists...
lived in fear of the Gestapo, there was no effective capitalist response.

To be sure, the capitalists generally remained in control of their property, and many profited handsomely from such services of the Nazi regime as the provision of slave labour for their factories. Nevertheless, the capitalists had been reduced to the role of highly paid functionaries of a state whose direction they did not control. They had little leverage to resist the orders that came from the state about the direction of their own firms, and they could not halt the regime's irrational march towards self-destruction.

The Tipping Point, Late Capitalism, and the Left

This interpretation of the Nazi experience suggests the idea that the growth of the state's role in the economy can reach a tipping point past which capitalists lose their capacity to resist further state intervention, leading ultimately to the Leviathan state. Obviously, where parliamentary forms still exist, the capitalists will have more room to manoeuvre, but if the state's economic weapons are powerful enough, they can be used to discourage a variety of different forms of resistance including legal political opposition. The essence of the tipping point is that increased state intervention in the economy means that state managers will be making decisions with serious consequences for the profitability of most of the major firms. Through withholding licences or contracts or credit or a variety of other regulatory or legal actions, the state managers can threaten key firms with retaliation if they withhold cooperation with other government policies. If these threats work, and the state managers are able to augment their economic powers even further, then at the next stage, the costs of resistance by capitalists will be even higher, and ultimately, state managers would succeed in depriving capitalists of the freedom to withhold investment, so that they become, as in the Nazi period, mere functionaries.

While this tipping point has not yet been reached in any of the developed capitalist nations, a number of developments have brought it closer. Most obviously, the expansion in the state's regulatory role and in the state's purchases of goods and services have drastically increased its leverage. Moreover, the concentration of capital—to the point that a few hundred firms control the vast majority of capital investment—increases the vulnerability of capital, since there is a high likelihood that most of those firms can be seriously hurt by a hostile state. This vulnerability is suggested by a number of recent developments in the United States. The Nixon administration, at a number of junctures, threatened or did use its regulatory and legal powers to punish corporate opponents and to gain campaign contributions from otherwise reluctant firms. More recently, the Carter administration sought to back up its 'voluntary' programme of wage and price controls by denying contracts to offending firms. While these
incidents fall far short of the systematic use of state economic power to assure capitalist compliance, they do suggest that these powers represent a growing temptation for state managers.

While the socialist left has generally supported or acquiesced in the growth of state regulatory powers vis-à-vis capital, the left can take little comfort from the prospect that the tipping point might soon be reached. One problem is that there is little prospect that the left could take advantage of the tipping point as a means to launch a transition to socialism. In fact, the closeness of the tipping point makes the parliamentary road to socialism even more problematic than it was previously. Nevertheless, a variant of the tipping point argument has been used to defend the practicality of the electoral road to socialism, most recently in reference to the strategy of the Communist-Socialist alliance in France in the period in which an electoral victory seemed imminent. The argument was that because of the enormous powers of the French state including a large nationalised sector and a strong tradition of economic controls, a left government would have the means to counter effectively the inevitable capitalist offensive against the new government. By using this power effectively, the new government would block capital flight and keep investment at some reasonable levels during a transition period in which popular support was gradually rallied for additional series of reforms that would ultimately end with the expropriation of the remaining centres of private capital.20

The flaw in this argument is that the tipping point mechanism can only work in a situation where capital is caught off guard because it is dealing with a group of state managers who appear committed to the maintenance of private property. As long as businesses have some advance warning that they face a threat—as they would with the election of a left government—they will be able to launch a capital strike and an outflow of capital. Not even the most draconian controls can be assured of restoring economic stability once such a capitalist offensive has begun, and the chances are great that the resort to such draconian controls would fatally weaken the electoral base of a parliamentary left regime. Since the prospect of a left electoral victory in France occurred in a period when capital was already preoccupied with the tipping point, it was a certainty that the new regime would have had no breathing space at all before the capitalist offensive began.

Another problem for the left is that the scenarios in which the state passes the tipping point all suggest the emergence of a dangerously authoritarian regime. The point is that such a regime, whatever its rhetoric, would still depend heavily on the capacity of the capitalists to control the labour force, since continuity in production would remain essential. Yet through its fusion of economic and political power, this state capitalist regime would have far more formidable weapons for destroying labour and political resistance than exist in liberal capitalism. State managers,
with relatively little difficulty, could deprive dissidents of a livelihood providing a powerful disincentive against political action. Furthermore, since parliamentary forms and civil liberties would no longer serve vital needs of the capitalist class, their elimination would encounter less resistance.

Moreover, the authoritarian outcome is made more likely by the prospect that such a regime would be unable to solve the underlying problems of the capitalist economy. To be sure, there might be an initial period in which controls are effective and the elimination of certain forms of waste could strengthen the economy. But soon the familiar problems that plague Soviet planners would emerge as a source of contradiction. Once one has relegated to secondary importance the forms of accounting based on corporate profits, how does one make the basic decisions about what to produce, how much to produce, how to produce, and so on? Further, because the contradictions of the late capitalist economy require fundamental forms of reorganisation of energy resources, of land use, of transportation patterns, and so forth, what are the chances that state planners will choose optimal directions for restructuring? The strong commitment of state planners in both East and West to nuclear energy is an indicator of how easy it is to make the wrong choices, even in a situation where private interests are a negligible consideration. But since wrong choices can be very costly, the likelihood is that problems of slow growth and inflation will persist, forcing the state capitalist regime in a more repressive direction.?

**Analysing the Present Conjuncture**

While the tipping point argument raises the spectre of authoritarian state capitalism, it also points in a more hopeful direction. To see this direction requires a further analysis of the present conjuncture of state-capital relations. This can best be done through a critique of the analyses that flow from the relative autonomy framework.

Theorists of the relative autonomy framework tend to view the present period as one in which there is a drift towards corporatism and more authoritarian forms of rule. It is generally accepted that a capitalist offensive began in the early seventies throughout the developed capitalist world that was designed to erode working-class living standards by reducing wage gains, increasing 'normal' levels of unemployment, and cutting state provided services. In this view, capital, faced with mounting economic difficulties, has chosen to sacrifice a part of the state's legitimacy in order to make changes that would strengthen accumulation. **Theorists** of relative autonomy acknowledge, in short, that some of that autonomy has been temporarily abandoned, as capitalists have reverted to more direct forms of control over the state in order to use the state as a weapon in a more intense period of class conflict.
While this account has a good deal of plausibility, especially in regard to the state's role in labour relations, it fails to penetrate beneath the level of appearances. Its major single flaw is its failure to account for the absence of corporatist institutional innovations. One would expect, if this analysis were correct, to see forms like the NRA of the early New Deal in which corporations and government worked together to limit inflationary pressures. But instead of such institutional innovations, we see such anomalous behaviour as the American corporate elite opposing the corporatist government bail out of Chrysler as an interference with the free market. The latter incident makes little sense within the perspective of a drift towards corporatism.

The underlying problem with this argument is its failure to recognise that the core of the capitalist offensive has been an attack on the state itself. Capitalists realised that with the mounting problems of stagflation, there would be powerful pressures for a further extension of the state's role in the economy. But they also realised that such an increase in state power might well push the state past the tipping point, depriving them of their leverage over the state managers. To prevent this outcome, an offensive was launched to blame state intervention for the economy's difficulties and to propose reductions in taxes, state spending, and government regulation as the solutions to stagflation. At the same time, efforts were redoubled to use business channels of influence on the political system to block expanded state regulation and to pressure for a rollback of certain forms of state activity. Of course, the capitalist offensive has also been characterised by attempts to use state power to weaken the bargaining power of the union movement.

This offensive has been remarkably successful in reversing a drift towards more dirigiste economic policies and in bringing conservative politicians to power, but it suffers from a major weakness—the lack of a coherent solution to the problems of stagflation. The recycling of traditional free market ideology with its emphasis on monetary restraint and balanced budgets was more a useful ideology to attack the state than a serious set of policy proposals. It is hardly surprising, therefore, that the efforts to implement those proposals have proven ineffective. It is hardly worth repeating the explanations of why such policies cannot succeed; suffice it to say, that the solutions to the underlying problems that generate stagflation require serious forms of restructuring, including direct challenges to some of the major corporate actors in the 'free market'.

Yet if 'free market' solutions do not work, the basic contradiction that generated the capitalist offensive remains. As long as stagflation persists, the danger is acute that opportunistic state managers, under pressure from subordinate groups, will attempt to resolve the economy's problems with dramatic increases in the state's role, including the imposition of controls over wages, prices, credit allocation, and investment. Capitalists must
maintain constant vigilance to prevent this outcome; they must maintain at a high level their efforts to use channels of persuasion and bribery to keep state managers in line. And they must also be careful to avoid inadvertently giving state managers more leverage over them. This is the reason why there have been few corporatist innovations, since such forms of corporate-government cooperation require, at the very least, a surrender of vital information to government officials.

My argument is that under the surface of recent corporate successes in shaping state policies lies a sharpening contradiction between the interests of capital and the fundamental interests of state managers. While this contradiction has thus far been contained, the continuation of economic difficulties is likely to bring it to the surface. The reasons for this are clear from the earlier discussions of the pressures on state managers. Stagflation undermines a nation's position in the world market and in the competitive state system because it makes high levels of defence spending politically and economically more problematic. Furthermore, stagflation threatens to weaken the political base of any particular administration and it undermines the legitimacy of the entire political regime. This means that it is increasingly in the interests of state managers to attempt to solve the problems of stagflation through a further extension of state power. Even without any grand design to pass the tipping point, state managers will be pulled by objective economic circumstances to pursue more statist policies.

Capitalists will continue to attempt to counter this pull through the use of various forms of persuasion and by the threat to withhold investment. But it is reasonable to expect that over time, as the political costs of inaction by state managers rise, and the 'free market' solutions become discredited through failure, the contradictions will surface in the form of more direct conflict between state managers and capitalists. One possibility might be that state managers take advantage of a sharp economic downturn to impose certain types of economic controls when capital's threat to withhold investment is less potent, and that capitalists will respond with other types of economic sabotage such as the creation of artificial shortages. Yet because the two parties to the conflict are relatively evenly matched, it is unlikely that a clear resolution would be reached quickly. State managers are unlikely in the short term to pass the tipping point, nor are capitalists likely to succeed in persuading state managers to abandon their interventionist ambitions. It is more likely that there will be a prolonged period of conflict, attenuated only by the fact that there remain certain areas in which the antagonists still need to cooperate. Yet as the conflict intensifies, even shared interests will not suffice to heal the divisions.

While the notion of an underlying contradiction between capitalists and state managers appears counter-intuitive in the present period, it is already implicit in recent discussions of the internationalisation of capital and of
the fiscal crisis of the state. The process of global optimisation of profits by international corporations creates serious problems for the 'home' countries of those firms. The most obvious problem centres on the export of jobs to other parts of the world, leaving structural unemployment in what had been the industrial heartlands of the developed nations. Similarly, the pattern of collusion between the international oil majors and the OPEC nations forces the developed nations to adjust to rapidly rising oil prices, at a time when the power of oil firms had suppressed energy alternatives. In each case, it is state managers who are forced to handle the resulting problems, as short-term political problems that threaten their own political base, and as larger structural problems that weaken the entire political economy.25

Similarly, the fiscal crisis of the state thesis also suggests growing strains between capitalists and state managers. In O'Connor's framework,26 there is mounting pressure for increased state expenditures to maintain the military, to manage the surplus populations, and to provide forms of social investment necessary for continuing capital accumulation. Under optimal circumstances, these expenditures could be financed by the state taking a constant share of a growing economic pie. Yet in late capitalism, this proves impossible, since the pie is expanding too slowly. The state can only cover its expenses by expanding its percentage share of total resources. But this leads, in turn, to inflation, as both workers and capitalists attempt to avoid any reduction in their shares of the total economic product. It also leads, as we have seen, to efforts to reduce the inflationary pressures by restricting state expenditures. The point is that state managers are caught in a contradictory position. On the one hand, they have the responsibility to carry out those state expenditures that are necessary to make a capitalist economy work, but on the other hand, that economy does not generate the economic growth needed to finance those expenditures. This contradictory position is bound to produce strains between capitalists and state managers.

Conclusion
To assess the meaning of a contradiction between state managers and capitalists, an historical analogy is useful. In her recent study of the French, Chinese, and Russian revolutions, Theda Skocpol argues that those revolutions grew out of a structural crisis in the old regime—a conflict between the pressures that the international state system placed on state managers and the limited productiveness of the existing system of agricultural social relations.27 The problem, in brief, was that state managers needed expanded revenues to defend their nation's position in the state system, but there were structural obstacles to any significant increase in agricultural revenues. State efforts to raise more money through increased taxes generated fierce resistance from the dominant landed classes who saw
this as a fundamental threat to their own privileges. The resulting political conflict between the state apparatus and the landed classes produced political paralysis and a breakdown in the machinery of social control. As a result, other social groups were able to mobilise and carry out a revolution against the old state apparatus and the old landed classes.

An analogous structural crisis emerges in late capitalism. Neither the state nor capital are willing or able to carry out the forms of re-organisation needed to release new productive forces that could overcome the economy's weaknesses. Instead, the contradictions and conflicts between capitalists and state managers grow deeper as neither statist nor 'free market' solutions are capable of solving the underlying problems. The result is likely to be political paralysis and an accelerating erosion of bourgeois ideological hegemony. In the context of deepening state-capital conflicts, new opportunities would exist for oppositional social forces determined to eliminate the oppressive power of both capital and the state. Hence, we might well be at the beginning of a period in which the contradictions between state and capital dramatically shift the balance of forces in favour of those who envision an emancipatory form of socialism. Yet circumstances will not by themselves create a new society, and the failure to seize this possible opportunity redoubles the likelihood of new forms of barbarism.

NOTES

1. The remarks are from an interview with Poulantzas by Stuart Hall and Alan Hunt that was published in Marxism Today, July 1979, and reprinted in Socialist Review, 48, November-December 1979. The quoted passage is on page 67.

2. The seriousness of the challenge derives from Poulantzas' own enormous contribution to the revival of Marxist theorising on the state.


4. Ibid., p. 355.


7. For purposes of this paper, I am using the term 'class' to mean social groups that have a common relation, direct or mediated, to the means of production. Since class does not exhaust the forms of structured inequality in human society, referring only to class involves some simplification.

8. In the Asiatic Mode of Production and in contemporary state socialist societies, the degree to which state power is unconstrained is particularly high. Yet even in these instances, there are social groups that can place limits on the exercise of state power. For a recent discussion that argues that Marx and Engels recognised the autonomy of the state in the Asiatic Mode of Production but had trouble reconciling it with the rest of their theory, see Alvin Gouldner, The Two
It should also be noted that the thrust of my argument is consistent with the famous passage in the *Grundrisse*: 'In all forms of society there is one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity. It is a particular ether which determines the specific gravity of every being which has materialised within it.' Karl Marx, *Grundrisse*, Vintage, New York, 1973, pp. 106-107. Yet it must be acknowledged that much of Marx's work is not consistent with this particular passage.

State managers are those at the peak of the executive and legislative branches of the state apparatus. Sometimes occupants of these positions are on loan from capitalist firms, but they operate in a situation that tends to be dominated by people for whom politics is a vocation, whether advancement comes through pursuit of elective or appointive offices. It is my hypothesis that such temporary state managers tend to adapt to the ways of thinking appropriate to their new occupational situation, just as a corporate executive would alter his or her views in accordance with a shift from one type of firm to another.

This *modus vivendi* explains the historical power of the Marxist formulations that see the state as an executive committee of the bourgeoisie. The problem, however, comes in those periods in which the *modus vivendi* breaks down or is strained.

This qualification is necessary because one option for state managers in less developed nations has been to serve as the clients of more powerful nations. In this case, their nation's standing in the world system is irrelevant; what is more important is the standing of the regime of which they are clients.

This dynamic has played an important role in the extension of citizenship rights through the 19th and early 20th centuries.


I do not mean to exaggerate the insight and understanding that state managers bring to these tasks. Their understanding of the overall situation tends to be limited, and their actions tend to be crisis oriented. This is not surprising since they are necessarily preoccupied with short-term problems of maintaining their political position.


One is reminded here of Marx's description of the French state in the *Brumaire* where he is stressing the state's freedom of action: 'It is immediately obvious that in a country like France, where the executive power commands an army of officials numbering more than half a million individuals and therefore constantly maintains an immense mass of interests and livelihoods in the most absolute dependence; where the state enmeshes, controls, regulates, superintends and tutors civil society from its most comprehensive manifestations of life down to