

THE CHALLENGE FOR THE LEFT: RECLAIMING THE STATE

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For Marxists, the question of the state has always been above all a question of power. Marx and **Engels** spoke of state institutions as a system of organized and legalized class coercion. Lenin not only saw in the question of power the main question of any revolution, but also reduced it to the seizure and subsequent transformation of the 'state machinery'. By the 1970s, however, it had become obvious that the state no longer enjoyed a monopoly on power. Michel Foucault shook the **thinking** of the radical intelligentsia by showing that power is dispersed, and does not by any means reside only where people are accustomed to look for it. This was inevitably reflected in the strategy of the left. Realizing that the state did not possess the totality of real power in modern capitalism, people on the left became disillusioned with the possibilities which the state offered. But if the state does not dispose of all power, that does not mean that the question of power can be decided outside of and apart from the state. Too few on the left have posed the question of using the state as a bridgehead in the struggle for real power. Yet without this, any discussion on reforms loses its meaning.

A theoretical argument which is more and more often invoked in order to **justify** inaction holds that the national state is now losing its **significance**. The weakening of the role of the national state in the context of the 'global market' is an incontestable fact. But it is equally indisputable that despite this weakening, the state remains a critically important factor of political and economic development. It is no accident that transnational corporations constantly make use of the national state as an instrument of their policies.

It is clear that the left needs to have its own international economic strategy, and to act in a coordinated way on a regional scale, but the instrument and starting-point of this new cooperation can only be a

BORIS KAGARLITSKY

national state. In a country where unique resources are present (and many countries including Russia, Mexico and South Africa have such resources), and where regional business interests are concentrated, even large transnational corporations will prefer to make concessions to the state sector rather than to place at risk the very possibility of their participating in this market.

Among many left thinkers, a healthy skepticism with regard to the possibilities of the state has very quickly been replaced by completely absurd theories in the spirit of 'stateless socialism'. In the 1950s, when socialists posed the question of nationalization, liberal ideologists stressed that public ownership was not as important as the mechanism of control. In the 1980s, however, massive privatization began, leading to the destruction of the state sector on a world scale, after which a significant sector of the left has not only failed to resist privatization, but has in practice become reconciled to its results.

For the most part, left thinkers have become reconciled to the image of the state as a demoralized bureaucratic machine that is unable to carry out effective management and which merely swallows taxpayers' money. It has to be recognized that such images do not appear out of thin air. But in most countries it was not the left that created the state bureaucracy, even if the left figures in the consciousness of millions of people as the servant and defender of bureaucracy. At the same time the right effectively exploits for its interests both the annoyance of citizens with the state, and their no less powerful demand that the state defend them against foreign threats. Such threats more and more often turn out to consist not of hordes of foreign warriors, but of mountains of foreign goods, crowds of half-starved emigrants, and a mafia that is rapidly internationalizing itself – in short, the natural consequences of the economic policies pursued by the right itself.

The problem of the state becomes insoluble for the left from the moment when it rejects the idea of the radical transformation of the structures of power. The established state structures start to appear unshakeable. They can either be accepted or rejected. On the symbolic level, many on the left do both. Practical politics, which unavoidably give rise to constant changes in state structures and institutions, becomes a monopoly of the right. The democratization of power and the participation of the masses in decision-making cannot in themselves guarantee that social reforms will be successful. But if progressive social forces, on coming to power, do not begin promptly to democratize the institutions of the state, this can only end in the degeneration and ignominious collapse of left governments.

Globalisation and the left

Globalisation has become a key idea of neo-liberalism in the 1990s, against a background of the downfall of all other ideologies, and the thesis of the 'impotence of the state' has acquired three bases. On this view, governments are regarded as powerless in relation to transnational corporations (such as Microsoft, Ford or **the Russian Gazprom**); to international financial institutions such as the World Bank and the International Monetary Fund; and finally, to inter-state formations such as the North American Free Trade Association (NAFTA) or the bodies created on the basis of the Maastricht Treaty in Europe.

Globalisation, however, is nothing qualitatively new in the history of bourgeois society. Capitalism was born and grew to maturity as a world system. It was only toward the end of the eighteenth century that national capitalism, rooted in the social structures of particular Western countries, began to develop. This national capitalism, like modern nations themselves, was not a precondition for but a product of the development of capitalism as a world system. At the end of the twentieth century, capitalism is again becoming directly global. This does not put an end to national societies or states, although they are in profound crisis, as they also were in early capitalism (as the world systems school has rightly noted).

'Modern states are not the primordial frameworks within which historical development has occurred,' notes Wallerstein. 'They may be more **usefully** conceived as one set of social institutions within the capitalist world-economy, this latter being the framework with which, and **of which**, we can analyze the structures, conjunctures, and events.' Or as James Petras puts it:

In the twentieth century 'globalisation' was intense until 1914, followed by a prolonged period of shift to national development during the late 1920s to the mid-1940s, followed by an increasing and uneven effort from the 1950s to the 1970s to return to globalization. The overthrow of nationalist and socialist regimes and the increased competitiveness of Asian capitalism in the 1980s has led to the current period of 'globalization', a phase which is itself today under increasing attack from within most countries, North and South. Thus globalization is not the 'ultimate' phase of capitalism but rather a product of state policies linked to international economic institutions.²

The development of capitalism is always cyclical, and there are no grounds for **asserting** that **the** changes **that have** occurred in society by the end of the twentieth century are in principle 'irreversible'. Nevertheless, we should not lose sight of the qualitative differences

BORIS KAGARLITSKY

between globalisation and the preceding periods of internationalization of capitalism. Thanks to technological progress and victory in the Cold War, the capitalist world system for the first time in its history has really become a world system. The prediction by **Marx and Engels** in the Communist Manifesto, that capitalism would overcome all state and national boundaries, has been realized in full measure only a hundred and **fifty** years later.

Encountering the phenomenon of globalisation, left analysts have become divided into two camps. Some have seen globalisation as an inevitable process, **technologically** preordained and impossible to resist, while others have viewed it as a product of the political will of the bourgeoisie, almost as a conspiracy, which can be thwarted with the help of a counterposed political will. But one has the impression that what many on the left have analysed is not the real process of **globalisation**, but the bourgeois concept of it. The real processes occurring in the world economy have not been the topic of the great theoretical discussion, but **merely** the background to it, or illustrations.

Meanwhile, every attempt to examine concrete processes of **globalisation** using particular countries as examples has prompted the conclusion that technology, though not neutral, is not all-powerful either. The new informational and productive potential acquired by transnational corporations in the late twentieth century has indeed created the preconditions for **globalisation**, and also predetermined the success of the West in the Cold War. But the technologies are continuing to develop, opening up new possibilities, including possibilities for resisting capitalist globalisation.

The thesis of the 'impotence of the state' is, then, not so much an observation of fact as a self-fulfilling prophesy. A state that acts strictly according to the rules dictated by neo-liberal ideology and the International Monetary Fund does in fact become impotent. It is true that this 'impotence' is of a very peculiar kind. Anyone who tries to issue a challenge to the existing order discovers that the state remains quite strong **enough** to take up the struggle in defence of that order.

Despite the fact that international financial institutions have acquired enormous influence, **they** cannot pursue their policies except through the agency of states. Governments, especially left-wing ones, love to explain their own decisions as the result of 'external factors'. Even the leaders of the South African Communist Party, outraged by the government's neo-liberal budget, explain to their supporters: 'The limitations of the budget should not be blamed on the minister of finance or upon the government in general. They are limitations that

are symptomatic of any economy that remains hostage to powerful domestic and international private sector **forces.**³ In fact, everything is somewhat different. The Bulgarian trade union leader **Krascho** Petkov states:

Without denying the importance for eroding social welfare and workers' living standards of the structural adjustment programmes and also of the traditional monetarist approach of the international institutions, it is necessary also to note the 'services' performed in this area by national governments. The ignoring or underrating of international standards and rights, and the undervaluing of the role of social policy, are often the result of national initiatives, and not of foreign influence. In this case the governments are merely hiding behind the demands of the international financial institutions, while the latter in turn are not objecting openly.'

For the left, the whole point of conquering power must be to change the rules of the game, and at the same time to destroy the present complex of relations between national governments and international financial and political institutions. For many of these institutions, hostility and serious non-compliance on the part of national governments would be a real catastrophe, **especially** if the dissatisfied states tried to set up their own parallel international structures or to transform the existing ones. It is precisely because many radical alternatives lie directly on the surface, ready to be picked up, that excluding any thought of the possibility of new approaches on the national and international levels is a matter of life or death for neo-liberals. Tons of paper, countless hours of television time and enormous intellectual efforts are spent simply in order to suppress the discussion of alternatives.

The strength of the International Monetary Fund and of other international financial institutions consists above all in the fact that they coordinate their actions on an international scale, while their opponents are isolated. Consequently, the answer to the policy of financial blackmail should not be to renounce reform, but to search for allies in the international arena, combining this with a clear policy of change and with reliance on the mass movement within the country.

An **understanding** of the fact that integration is essential cannot reconcile serious left thinkers either **to** the European Union and the Maastricht Treaty or to the Commonwealth of Independent States. On the contrary, it is necessary to wage an irreconcilable struggle against the present international order in the name of the principles of democratic integration. The decisive role in this struggle will be played by the processes occurring within the framework of the 'old' national states.

BORIS KAGARLITSKY

Ultimately, all international institutions represent continuations of national states, rest upon them, and are powerless to act without them. This applies to the European Union, to the United Nations Organization, to NATO, and even to the International Monetary Fund and the World Bank, which at times are perceived as independent global entities. The dominant forces here are not private banks, but creditor states. In this sense the global role of the IMF bears witness not to the strengthened role of elemental market forces, but on the contrary, to the strengthened global economic role of the states of the centre in relation to those of the periphery. Even private transnational companies live in symbiosis with the state; without government support they could not maintain and develop their complex global structures. **They** need the military strength of the state to preserve the complex rules of the game and to defend their interests. While skimping on the social sphere, governments are forced to spend greater and greater sums on international punitive expeditions.

Globalisation makes companies not only larger, but also more complex, and often more vulnerable. This is why the demand is voiced for the standardization of laws, for introducing uniform social norms, and for opening markets. It is untrue that transnational capital does not need the state. Without the participation of the state transnational capital could not keep its indispensable markets open and its own national borders closed; nor could it manipulate the price of labour power and raw materials. Capitalism is impossible without laws, and laws do not exist outside of states. Even the notorious 'international law' does not exist independently. It is imposed through the efforts of particular states, which depending on their interests and capabilities serenely tolerate some breaches and harshly punish others.

During the 1980s and 1990s the scale of state intervention in economic, social and cultural life has not diminished, but on the contrary has grown. 'Deregulation' is also a form of interventionism, albeit a perverted one. Now, however, this intervention has been aimed at destroying the public sector, at reducing living standards, and at removing customs barriers. Practice shows that keeping markets open demands no less activity from governments than protectionism. All that happens is the restructuring of the government apparatus and a change of priorities. 'However paradoxical it might seem,' wrote *Nezavisimaya* gazeta, 'under the conditions of the market economy the administrative globalism of the Russian government sometimes surpasses the gigantomania that afflicted the economic structures of the USSR. It will be recalled that the exorbitant **cost** of the mistakes

made by the Soviet managerial hierarchy was one of the main reasons for the crisis of the national **economy**.³ Neo-liberal policies have not resolved this problem.

Moreover, privatization and liberalization have placed still more power in the hands of the central bureaucracy. The 'young reformers' **Anatoly** Chubais and **Boris** Nemtsov, supported by the experts of the International Monetary Fund, have arbitrarily spent billions of dollars and reorganized government structures as if they were playing with a child's constructor set, without accepting the slightest responsibility for the consequences of their decisions. 'In the present Russian government,' *Nezavisimaya gazeta* continues, 'the cost of an error by the reformers has reached unbelievable levels, since decisions by Chubais and Nemtsov draw tens of millions of dollars into play. Meanwhile, unlike the situation in the centralized economy of the USSR, the reformers are permitted to act without any outside control.' Immense power has become concentrated in the hands of a narrow group of people who manage the financial flows within the state. 'In Russia the formation of a monopoly on the taking of decisions which affect the lives of tens of millions of people is close to **complete**.'⁴

Almost nowhere has neo-liberalism led to a sharp reduction in the size of the government apparatus. The case of Russia, which in cutting the public sector to a tenth of its former size increased the state apparatus by approximately three times, is of course something exotic. Nevertheless, it is not unique. Throughout the world, while some government services have shrunk, others have grown. Cuts in spending on social needs are accompanied by increases in spending on the repressive apparatus, the privatization of the public sector dramatically increases the load on the taxation service, and so forth. In the longer perspective, a balanced budget is an unattainable goal, while the financial crisis of the state cannot in principle be overcome within the framework of such a model.

Liberals have been able to revise the priorities of the state, and these priorities can also **change** under pressure from workers. For this to happen, political will is indispensable, and this will is realized through the medium of power. The 'impotence of the state' is, as already noted, largely a propaganda myth. But in order for the state to be able once again to carry out its regulatory function in the interests of workers, it must itself be radically transformed and in a certain sense globalised (through democratically organized inter-state associations). Left organizations, struggling under changed conditions, no longer need only mutual solidarity but also the direct coordination of their actions,

BORIS KAGARLITSKY

making it possible to campaign effectively on the international level. Inter-state associations can become agents of regulation. It is possible for the public sector to receive a new impulse for its development on the inter-state level. However, integration carried out within the framework of a neo-liberal strategy will never bring us closer to this goal. International structures created within the context of a **neo-liberal** project cannot simply be improved and reformed. The road to a new type of integration lies through an acute crisis, and possibly through the **dismantling** of these structures.'

The Contradictions of neo-liberalism

Many today adhere to the simplistic notion that transnational companies are homogeneous and monolithic bodies with ideally disciplined executive structures, a clear vision of their tasks, and efficient decision-making processes. This strongly recalls the idealized vision of Soviet centralized planning – only now, the structures are global and private. In reality, what happens with transnational corporations is the same as with all hyper-centralized systems, including the Soviet Gosplan: they start becoming differentiated, and interest groups, **sub-elites** and feuding clans take shape within them. The people at the lower levels of the hierarchy manipulate information in order to obtain decisions to their advantage from the officials higher up. Anyone who has dealings with the offices of transnational corporations in the countries of Eastern Europe hears from their employees the usual complaints against the centre, which does not **understand** local conditions, obstructs work and stifles initiative. Only the centre is now located not in Moscow, but in **Washington** or **Western Europe**.¹

From the very beginning neo-liberalism was a hegemonic project in precise accordance with the concepts of Western Marxism. The technological changes that brought shifts in the structure of society in the 1980s could not fail to provoke a crisis of hegemony as well. This crisis was used **by** international financial institutions and neo-liberal ideologues in two ways. On the one hand, the traditional class hegemony in the world of labour was undermined, and on the other, the transnational corporations **managed** to bring a 'new class consciousness' to the world of capital, consolidating it around themselves. The differences and contradictions remain, but as in any class project, the part is subordinate to the whole, the particular to the general.

It is this unprecedented consolidation of elites that has given the

THE SOCIALIST REGISTER 1999

neo-liberal project its astonishing strength. The various groups have continued to struggle among themselves, but within the framework of a common orientation. Changes of government have not led to changes of course, and clashes of interest have been confined to lobbying. The problem of neo-liberalism lies in the **fact** that its structure of dominance is inevitably superimposed on the far more complex and diverse structures of various societies. Hence **neo-liberalism**, without claiming to make human society united or homogeneous (this would undermine the ability of capital to practise global manipulation), strives to simplify the task before it, to make all societies alike, structurally similar, and thus easily understood and managed on the basis of common rules. This runs up against the elemental 'resistance of the material'. Precisely the same rejection of an alien model undermined the communist bloc.

The economy can be global, although the **significance** and potential of national economies should not be underestimated. The desire of peoples to retain the symbols and institutions of 'their own' states is due not only to traditionalism, nationalism or 'sentimentality', but to an instinctive understanding that if these symbols and institutions are lost, the final possibility for these peoples of influencing their own fate will be lost as well.

Transnational bureaucracies are extensions of state structures, and have quite obvious national roots. But they are not democratic institutions. Transnational capital and its bureaucracies are marginal in their relation to any society, including even those of the countries of the 'centre'. However, they are far from marginal in relation to the state. Moreover, the state is becoming more and more an organ for the defence of these 'new **marginals**' from society. 'In reality the financial groups, the manipulators of high technology, have one common feature above all: a total absence of vision or strategy. They act on a world scale, but do not master anything,' says the French weekly *L'Evenement du jeudi*. 'When the states no longer organize the social space, the true master of the universe becomes **uncertainty**.'⁹

The question at issue is the very survival of democracy. There are no democratic institutions on the global level. Capital is being globalised, but not people. However **cosmopolitan** our culture might be, the overwhelming majority of people remain physically restricted by their conditions of daily life, bound to some particular place. National society and the state remain the level on which social change is really possible and necessary. It is quite another matter that under the conditions of globalisation not only revolution but also reform cannot be

BORIS KAGARLITSKY

successful unless it spreads to a whole number of countries. This, of course, is nothing new either.

The neo-liberal governments that are destroying the **welfare** state explain to the population that under the new conditions the country can no **longer** permit itself the former level of social welfare. Defenders of the welfare state recall in turn that practically all the countries where in the late 1980s or 1990s social programmes and regulation were declared 'impermissible luxuries' are now much richer than at the time when these measures were first introduced. In principle, such discussions are pointless; both sides are right. The irrationality of modern capitalism makes itself evident in the fact that the accumulation of wealth **by** 'society' does not in principle guarantee a happy life to society's members.

State borders are a particularly important element of regulation within the framework of the neo-liberal project, though this is the skeleton in the closet about which no representative of the establishment wants to speak. If the movement of capital about the world is becoming more and more free, the mobility of labour power, by contrast, is limited. The frontiers between the countries of the 'centre' are dissolving, but between the 'centre' and the 'periphery' (and in a number of cases between different countries of the 'periphery') they are becoming more strict. From being the subjects of economic activity, workers as a result are becoming exclusively its objects, 'labour resources', just as passive a material as, let us say, genetically engineered plants. Through the same process 'social partnership', which presupposes at least a formal equality of capital and labour, is becoming pointless as well. The globalisation of the economy has rendered the old social democratic compromise pointless. Enterprises work for the world market, but society remains national. The growth of wages does not guarantee demand for a country's own **goods along** the lines of the old **Fordism**.

The fate & democracy

The theorist of the left wing of the German 'greens', **Elmar** Altvater, argues that the left has not yet learnt to **orient** itself in the 'new political **landscape**'.¹⁰ Instead of complaining about the internationalization of capital, they would do better to **struggle** for 'social regulation yielding global results [Auswirkungen].' Such regulation, however, is impossible on the basis of the old state methods; it has to rest on 'global civil society'." Meanwhile Altvater recognizes that 'despite all the economic

globalisation no world society has **arisen**.¹² Consequently 'global civil society', if it exists anywhere except in the imagination of theoreticians, is not representative of real society. Only an **insignificant** minority of people are drawn into the various 'free associations', particularly on the world level. This slogan is as utopian as it is elitist. Regulation does need to become **regional** and global; however, this cannot be on the basis of 'civil society', but must be on the basis of democracy and civil equality of rights, something which is impossible outside the **state**.¹³ Beginning on the local level, regulation requires a system of local self-government and national organs of representative authority. Having grown weak as a result of the process of **globalisation**, the state when it is forced to reckon with the consequences of this process is capable of winning back its lost positions. But even if state intervention becomes a popular idea again, the question of its forms and **class** nature remains open.

In 1995 the London Economist noted with satisfaction that recent history was 'littered with examples of markets forcing governments to change **policy**.'¹⁴ In reality, this seemingly self-evident assertion is a complete lie. Modern history knows hardly a single case in which government policy has changed under the influence of the 'invisible hand of the market' alone, that is, simply as a result of a series of misfortunes **resulting** from objective causes. Regardless of whether a particular programme was effective or not, its implementation took place long before it was possible to speak of the 'test of the market'. Government policies have changed in response to the demands of particular transnational corporations, international financial institutions and more powerful states. The obvious economic failures of **neo-liberal** regimes in Eastern Europe and Latin America have never led to a correction of course. On the contrary, the more obvious the failure of neo-liberalism has become, the more resolutely its prescriptions have been enacted.

Even the attack on the French franc by money market speculators, after the socialists came to power in the early **1980s**, was not caused by a decline in the French economy, but by a clear, conscious wish to put pressure on the socialists not to implement radical policies. In other words, it was a form of class **struggle** by the bourgeoisie. It is quite obvious that any change in any of the relevant conditions can inspire such resistance, just as all reforms are associated with difficulties. There is nothing remarkable in this. All that is extraordinary is the readiness of the modern left to give in at the first sign of discontent from the financial oligarchy, while neo-liberal governments are quite ready to

BORIS KAGARLITSKY

press ahead with their policies even when these have obviously failed and the dissatisfaction is near-universal.

So long as workers with the **help** of the state do not succeed in changing the rules of the game, imposing countervailing limitations on capital, there cannot be any kind of balance, and consequently even the most moderate reformism is impossible. The weakness of the left arises from its unwillingness to use the force of the state against the bourgeoisie. The **growth** in the influence of transnational structures requires the creation of a counterweight. But at the same time the new situation demands the radical transformation of the state, of its institutions and of its social nature. Traditional bourgeois democracy has shown that it cannot act as a serious counterweight to transnational capital, and it is therefore essential to step outside these bounds.

The theory of the 'objective impotence' of the state would be correct if the state had suffered a defeat from the 'invisible hand of the market'. However, the role of 'objective limiting factor' in most cases is played not by elemental economic processes, but by the actions of international financial institutions and... other states. 'The rule of money is no longer mediated primarily by the market,' Simon Clarke notes. 'The rule of money is directly imposed on capitals and on the state by the banks and financial **institutions**.'¹⁵

The Italian Marxists Pietro Ingrao and Rossana Rossanda urge their readers not to **forget** that even in the age of transnational corporations governments wield enormous power not only in the military-technical field but also in the economic **one**.¹⁶ The scrupulously moderate Will **Hutton** also reminds us that the state has a **significant** ability to practise regulation on the international level as well: 'Globalisation is still limited by the power of national governments and vested interests of individual economic systems. It is true that the financial markets have greater power of veto than **they** used to, and compel more conservative economic policies, but considerable latitude remains.'" On the one hand, the state and national capital are quite able to use their policies to influence the decisions of transnational companies. On the other hand, the state can influence them through its participation in international organizations. 'In a number of key areas, ranging from the regulation of capital flows to fish **stocks**, the individual nation state can augment its individual powers by pooling sovereignty and delegating authority to supranational agencies.'" **Hutton** prefers not to remind his readers, however, that all this would have a certain point only if these agencies were themselves radically democratized.

In most cases the supposed 'impotence of the state before the

THE SOCIALIST REGISTER 1999

market' is in fact a manifestation of the impotence or weakness of some states in the face of others, whose governments have taken on themselves the role of high priests and interpreters of the 'logic of the market'. This is shown to perfection by the discussions surrounding the common European currency. At a meeting of representatives of the European Union in Lisbon the conservative government of Germany literally compelled its partners to agree to limit their budget deficits to three percent as an essential condition for the introduction of a common monetary unit. No-one managed to establish why the figure was three percent, and not four or two and a half. Any such criterion, like the planning targets of the Soviet era, is a product of formal bureaucratic thinking that has nothing at all in common with the 'logic of the market'. Adam Smith's 'invisible hand' is nowhere in evidence here.

The practice of liberalizing the European economy also clearly **refutes** the myth concerning the organic link between freedom and the market. The more the powers of the state are transferred to specialized private structures and independent (although formally state or inter-state) financial institutions, the more the sphere of democracy is narrowed. Involvement by the population in making decisions is reduced to a minimum, and once a choice has been made it becomes 'irreversible'. It is worth recalling that during the 1970s theoreticians of the 'open society' spoke of the **possibility** of reversing decisions as one of the most important advantages of democracy over 'communism'. Yet in the **1990s**, as recognized by ideologues of reforms in both Eastern Europe and the West, a major goal was to ensure that these reforms were 'irreversible'. Within the framework of neo-liberal strategy, euromoney is becoming yet another factor of irreversibility, undermining democracy in the process. If the population loses access to the making of decisions, the financial bureaucracy acquires independence from the population: 'Without a direct link between money and citizens, Europe is heading into a terrible **regression**.'¹⁹ It is striking how on the international level the capitalism of the end of the twentieth century is precisely reproducing all the contradictions and vices of the bureaucratic centralization which a few years earlier led to the downfall of the Soviet system.

The institutions of popular representation are in profound crisis. This applies both to the 'old' democracies of the West and to the former communist countries which borrowed parliamentary corruption without parliamentary culture. During the **1970s** European left theoreticians spoke of a transition that was supposed to be

occurring from bourgeois democracy to 'advanced democracy', which was no longer an instrument of class domination. This transition has not been **successfully** carried through anywhere, ever. **After** the **fall** of the Berlin wall, amid declarations of the triumph of freedom, the reverse process got under way even in the most developed countries. From constituting an association of citizens, democracy is being transformed into a form of interaction of elites. To use **Aristotle's** term, an oligarchy.

In many parts of the world the 1990s saw the setting up or revival of democratic institutions, but the ease with which this occurred testified to the weakening of their real role. They no longer hindered anyone, and did not place difficult problems before the elites. They ceased to exert decisive influence on the life of society, and thus no longer posed a **danger** to the ruling classes even in states that were experiencing serious social crises. The weakening of the **labour** movement aided the implantation of this 'inoffensive democracy'. But wherever parliaments or municipal organs created serious problems for the neo-liberal project, they were mercilessly disbanded, as happened with the Greater London Council, the Peruvian Congress and the Supreme Soviet of Russia. If it was necessary to shoot, the elites shot. If they had to break the law, the law was broken. If it was necessary to rule by decree, this was done. And all this occurred within the framework of 'democratization'. Unlike earlier times, the disbanding of representative organs was not followed by the installing of repressive dictatorships. In most cases new organs, more in line with the **neo-liberal** project, were simply established in place of those that had been abolished.

Eastern Europe is orienting itself toward Western Europe, and Western Europe in turn is becoming more and more like America. During the 1980s European political life offered a significantly richer choice of alternatives than its American counterpart. During the 1990s this situation has changed. The European elites have become increasingly oriented toward to the transatlantic political model. As the American political scientists Daniel Hellinger and Dennis R. Judd have noted, the present-day elites are interested in democracy only as a means for legitimizing their power. **The** political system is thus evolving in the direction of oligarchy, while elections, free discussion and the struggle between parties are turning into a 'democratic facade'.²⁹ A regression is occurring from a democratic to a liberal state. **Will Hutton** sees the same process occurring in Britain: 'If the only choice – forced on political parties by the new power of veto of the

global capital markets, which threaten a run on the currency of countries whose policies they dislike – is some variant of the new conservatism, then political debate becomes a **charade**.²¹

Christopher **Lasch** characterized the policy of the elites, aimed at excluding the masses from decision-making, as 'the abolition of **shame**'.²² The integrating mechanism of capitalist democracy was being destroyed. 'Those who saw themselves losing out in the market economy saw government as a positive force working to keep them included when it came to harvesting the economic fruits of **capitalism**'.²³ **State** redistribution is always one of the foundations of democracy under capitalism. To a significant degree, its abolition robs bourgeois democracy of meaning, transforming it into oligarchy or an 'intraparty' democracy of the elites.

The 'new democracies' are afflicted by the same ailments as the old. Corruption is eating away at their political institutions. Disillusionment with democratic institutions, with elections and parliamentarism, is on the rise even in countries that have long traditions of the struggle for freedom. 'Compared to the military-dominated regimes of the past, the current civilian government seems to be plagued by an even greater number of audacious and reckless irregularities and a rising tide of suspicion over the links between economics and politics,' South Korean journalists wrote in the late 1990s. 'Compounding this frustration is the fact that the same people who dedicated themselves to democratization during one of the nation's darkest periods have become just as corrupt as those whom they once **denounced**.'²⁴

Corruption is indeed becoming a **global** phenomenon, and this is closely linked to the changes occurring in the economy. The defence mechanisms devised by democratic systems during the epoch of early or welfare capitalism are no longer working. New forms of graft and new temptations are appearing. As the state becomes more and more '**open**' to the outside, it simultaneously becomes less and less susceptible to control **by** its own citizens; as a result, new opportunities for abuses proliferate. The ideology of the neo-liberal market, by destroying non-market ethical norms, also plays a role here.

The principles of citizenship are **also under** threat in areas where at first glance it might seem that **only** 'technical' problems are involved. For example, the concepts of national security that have arisen during the epoch of globalisation are **becoming** a direct threat to democracy. The replacing of mass conscript armies with professional armed forces, something now occurring in more and more countries, is incompatible

BORIS KAGARLITSKY

with maintaining the principles of citizenship. Universal liability for military service has historically been inseparable from democracy.

If the national wars of the past (including wars of conquest) had clear goals and were **fought** against familiar adversaries, international police operations are 'special' not so much because they require special methods as because their aims are not fully understood by society, and most importantly, because these operations are not perceived by society as being of its own doing. Even if society passively supports military actions (as during the war in the Persian Gulf and the bombing of Bosnia), mobilizing the population and consolidating society on this basis is impossible. The interests of transnational corporations in remote regions are not fully clear even to important sectors of the bourgeoisie, and still less are they recognized as corresponding to these sectors' own interests.

Placing its stake on professional police forces, the neoliberal state does not become stronger. High-technology equipment is not a mark of strength, but represents an attempt to make up for the weakness that flows from the impossibility of **using** a mass army. The more complex the system, the more it is vulnerable, not simply to the blows of the enemy, but also to the constantly increasing likelihood of organizational and technical breakdowns, professional errors and so forth. From this also stems the fear, well known to historians of the seventeenth and eighteenth centuries, of using expensive forces in conflicts fraught with the danger of heavy losses.

If professional armies in the countries of the centre become police forces, in the countries of the periphery and semi-periphery modern-day feudal militias arise on the same basis, and can easily be used against one another. Where, as in Russia, general liability for military service remains, the army is divided into elite professional units and a mass of downtrodden recruits who serve not even as cannon fodder, but simply as slaves for the military elite. Under such conditions neither the slogan of 'defence of the fatherland' nor traditional antimilitarism can meet the needs of the left. The primary place is assumed by the fight to stop the armed forces **being** turned into a modern version of a feudal levy or into the local detachment of the 'world police'. This means returning to the traditional idea, from the time of the early bourgeois revolutions, of the army as an organization of armed **citizens**.

A new state system

The crisis of citizenship cannot be overcome in isolation from the social crisis to which it has given birth. The question of what to do with the institutions concerned is insoluble unless the social relationships are altered profoundly; what is necessary is to change the nature of the state in social, not just 'civic' terms. This also implies extensive institutional **change** in the spirit of 'radical democracy', but much more than simply that.

Paradoxically, the collapse of the old model of the state under the pressure of globalisation is opening up prospects for a radical reform of the institutions and structures of power. The journal *Viento del Sur*, which is close to the Zapatistas, wrote that the neo-liberal experiment had given birth to such a **profound** crisis of the Mexican state that neither a change of government nor electoral reform would any **longer** be of help. The crisis could be solved only 'with the overcoming of this state form through a new social pact that establishes a different **state**.'²⁵ This applies not only to Mexico according to *Viento del Sur*. The entire capitalist periphery (and not only the periphery) is faced with the need to establish a new state system, based not on national self-assertion but on democratic participation, on the political self-assertion of society itself.

Very briefly, **neo-liberalism** and economic globalization as they are now operating can only be combated if in every nation-state the majoritarian society creates a political regime that serves its interests and which guarantees that this society can ensure (and not merely influence) the choosing of the public policies needed for the prosperity of the majority. In order to turn back the perverse process of neo-liberalism and economic globalization, it is not enough simply to win control over governments through the action of political parties; it is necessary to substantially modify the democracy of elites that has held sway within capitalism (when there has been democracy at all), and which includes the party leaderships. The political system has to ensure that society is always present and watchful, so that the government, however legitimate it might be, acts in the real interests of those it represents. Only if popular society wins control over the terrain that corresponds to it in each country, including in the countries that provide the base for the huge corporations that dominate the world economy, will a struggle against neo-liberalism and economic globalization be **possible on a planetary scale**.²⁶

The strategy of the left has, then, to consist not of defending the old state, but of **using** the crisis of this state to ensure that the basis for new institutions is laid both on a national and also on an international, inter-state **level**.²⁷ What is required is an all-permeating democrati-

zation that encompasses not only the structures of **political** power, but also the institutions of social security, self-government, the public sector, and all the mutual connections between these various structures and institutions.

The traditional argument of radical democrats has been that liberal democratic institutions are good, but that it is possible and necessary to expand the sphere of freedom still further. In the late twentieth century this line of argument has lost its earlier force. It is necessary to go beyond the traditional institutions of formal democracy, not because we can in theory create something better, but because these institutions in their earlier form no longer work in any case. If the left does not take on itself the task of radically reforming the state, then this goal will sooner or later be urged by the radical **right**. If democracy does not affirm itself as an extra-market – and to a significant degree anti-market – system, the masses will follow those who call for restricting the elemental forces of the market in the name of authority, hierarchy, the nation and discipline.

In the epoch of globalisation, capitalism has become more destructive and dangerous than ever. The question is 'not whether we can expect a better or worse world from the global market, but whether we can expect a world at all.'¹ However, it is precisely globalisation that also creates the prospects for a genuinely international and universalist left movement, for the rethinking and refounding of state institutions – in brief, for radical reforms on an unprecedented scale.

The destinies of capitalism and democracy have finally parted company. In this situation, it becomes clear that the left is and always has been the only real champion of democracy. The majority of **left**-wing politicians see their mission consisting solely in maintaining and defending parliamentary institutions and the constitutional rights of citizens. This is essential, but it is quite inadequate. Such a defensive policy is doomed. Only if we realize the anticapitalist potential of democracy can we win this struggle.

NOTES

- 1 Immanuel Wallerstein, *Unthinking Social Science*, Cambridge, MA, Polity, 1991, p. 57.
- 2 James Petras, 'The process of globalisation: The role of the state and multinational corporations', *Links*, n. 7, July-October, 1996, p. 60.
- 3 *Green Left Weekly*, 26 March 1997, p. 21.
- 4 *Rabochaya politika*, 1996, n. 6, p. 42.
- 5 *Nezavisimaya gazeta*, 15 May 1997.

THE SOCIALIST REGISTER 1999

6 *Ibid*

7 For example, the first attempts at a real union of Russia and Belarus provoked an acute crisis not only of the mongrel Commonwealth of Independent States, founded in place of the Soviet Union, but also of the Russian state **itself**; it became obvious that the Russian regions were demanding a status analogous to that of Belarus. See the discussion of integration in the books: Pyat' let **Belovezh'ya, Chto dal'she?** Moscow, Gorbachev Foundation, 1997; A. Vygorbina, *Dva podkhoda k sblizheniyu. Nezavisimaya gazeta-Ssenarii*, 15 May 1997.

The American economist Doug **Henwood** has shown that the portrayal of transnational companies as 'global assembly lines' is also exaggerated. Compared with 1977, the interfirm transfer of partly finished goods to or from foreign manufacturing affiliates has increased from 12 per cent of US trade to... 13 per cent! It is true that the share of US GDP represented by trade rose during this period from 17 to 24 per cent, but it nevertheless remains less than in other countries. Interfirm transfers of the global assembly line type rose from 2 per cent in 1977 to 3.2 per cent in 1994 (see *Left Business Observer*, 14 May 1997, n. 77). In other words, the globalisation of real **production** is uneven (it is less in large countries with developed internal markets), and on the whole is significantly less than ideologues have assumed.

9 *L'Evenement du jeudi*, n. 617, 1996, p. 47.

10 Pietro Ingrao, Rossana Rossandra, *et al.*, *Verabredungen zum Jahrhundertende. Ein Debatte über die Entwicklung des Kapitalismus und die Aufgaben der Linken.* Hamburg, H. Heine, 1996, p. 193.

11 *Ibid*, pp. 202-3.

12 *Ibid*, p. 197.

13 At the international conference 'Globalisation and Citizenship', held in Geneva in December 1996 under the sponsorship of the United Nations Organization, it was noted that 'Although pressures from international civil society and interventions by intergovernmental organizations have broadened the range of rights and standards historically associated with citizenship, far less has been achieved at the level of enforcement. Indeed it would seem that the weakening of state structures in many countries has seriously undermined the possibility of enforcing global standards' (*UNRISD News*, n. 15, Autumn 1996/Winter 1997, pp. 1-2).

14 *The Economist*, Special supplement, 7-13 October 1995, p. 9.

15 Simon Clarke, *Keynesianism, Monetarism and the Crisis of the State*, Aldershot, Edward Elgar, 1988, p. 355.

16 See Pietro Ingrao and Rossana Rossanda, *Appuntamenti di fine secolo*, Rome, 1995; Ingrao, Rossanda, *et al.*, *op. cit.*

17 Will Hutton, *The State We're In*, London, Vintage, 1996, p. xxiii.

18 *Ibid*, p. 342.

19 Patrick Viveret, *Iniciativa Socialista*, February 1997, n. 43, p. 52.

20 See Daniel Hellinger and Dennis R. Judd, *The Democratic Facade*, Belmont, CA, Brooks/Cole, 1991, p. 329.

21 Hutton, *The State We're In*, *op. cit.*, p. 17.

22 Christopher Lasch, *The Revolt of the Elites and the Betrayal of Democracy*, New York, W. W. Norton, 1995, p. 197.

23 Lester C. Thurow, *The Future of Capitalism*, New York, W. Morrow & Co., 1996, p. 242.

24 *Korea Focus*, v. 5, n. 2, March-April 1997, pp. 117, 119.

BORIS KAGARLITSKY

- 25 *Viento del Sur*, n. 8, Winter 1996, p. 3.
- 26 *Ibid.*, p. 57.
- 27 This is how the connection between globalisation and the reform of the state is interpreted in documents of the German Party of Democratic Socialism. See *Alternative Politik und Globalisierung*. PDS International, **Informationsschrift** der AG **Friedens – und Internationale Politik**. Extra. pp. **11-13**.
- 28 Alan Freeman, 'The poverty of nations: Relative surplus value, technical change and accumulation in the modern global market', *Links*, n. 7, July-October 1996, p. 54.