

The State in Advanced Capitalist Societies

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1 Introduction

In all advanced capitalist societies the state has come to acquire immense influence over its citizens. Its activities permeate almost every single aspect of daily existence, such that few of us may claim that our lives are entirely "untouched" by the state. As citizens, members of households, consumers, recipients of welfare, employees, or employers we cannot escape the direct interventions of the modern state through its powers to tax, pass laws, coerce, enforce, and to re-distribute resources and life-chances. As Mann has observed:

The state can assess and tax our income and wealth at source, without our consent or that of our neighbours or kin; it can enforce its will within the day almost anywhere in its domains; its influence on the overall economy is enormous; it even directly provides the subsistence of most of us (in state employment, in pensions, in family allowance etc.). The state penetrates everyday life more than did any historical state.

(Mann, 1988, p. 7)

Undoubtedly, social historians in the late nineteenth century made very similar comments on the expanding role of the state in the era of liberal capitalism. Yet simply in terms of the size and complexity of the state apparatus, let alone the proportion of national income controlled by government, the advanced capitalist state (ACS) bears little direct resemblance to its nineteenth-century progenitor. Mann is therefore surely correct to assert the historically unique character of the ACS, particularly in relation to its pervasive influence within modern society. So central has it become to modern existence that the role of the state has emerged as a dominant theme in political, as well as intellectual, debates concerning the future development of advanced capitalist countries. On the one hand the "New Right" advocates curtailing its power while the left, and social democratic forces, continue to promote a vital role for the state in reforming advanced capitalist society. Yet despite the actual attempts (throughout the 1980s) of conservative administrations in Britain and the US to reduce the level of government intervention in social life, the state in both societies has not contracted significantly, although its activities have been re-directed. "Big government," as Rose characterizes it, appears to be a permanent feature of advanced capitalist nations: "Big government is here to stay . . . Whatever political perspective is adopted, within the immediately foreseeable future the size of government can change only marginally. This is true whether the margin for change involves growth or cutting back" (Rose, 1984, p. 215).

Understanding the nature of modern societies demands an understanding of the modern state. Certainly there exists a symbiotic relationship between the two: the state is embedded in social life, while social processes influence the form and activities of the state itself. In many respects ". . . states are central to our understanding of what a

society is" (Mann, 1988, p. 19). Understanding the ACS involves exploring both its more "benign" activities – welfare – as well as its "darker" side – warfare and coercion. Without an appreciation of both these dimensions, any discussion of the ACS would be deficient. This is because the ACS is at one and the same time both a "welfare state" and a "warfare state."

Moreover, in making sense of the ACS, it is essential from the outset to recognize the incredible diversity of state forms among those nations which make up the advanced capitalist world: the West as opposed to the "Rest." Within the OECD (Organization for Economic Co-operation and Development) – which is essentially a "club" for western capitalist states – state forms vary dramatically in terms of institutional structures and modes of welfare provision. To make one obvious comparison, the US has a federal and presidential system of government combined with minimal public provision of welfare and minimal state intervention in the economy, while Sweden has a unitary and parliamentary system of government combined with extensive welfare programs and intervention in the economy. Developing a sophisticated understanding of the modern capitalist state requires acknowledging this diversity. However, in concentrating upon the ACS it is important not to forget the existence of quite different state forms in other industrial societies, such as the former command economies of Eastern Europe, and the newly industrializing nations of Latin America and South-East Asia. This chapter deals only with the ACS.

The fundamental aim of this chapter is to discover whether, in the light of this incredible diversity, it is possible to construct any meaningful general observations about the nature, functions, and role of the state within advanced capitalist societies. Without prejudging subsequent discussion the answer would appear to be a qualified "yes," acknowledging that a robust understanding of the modern capitalist state cannot be constructed from the purely particular but must embrace a "universalizing comparison" (Tilly, 1984, ch. 6). Such comparison contextualizes the diversity of state forms by bringing into focus the common features, structures, and processes which define the advanced capitalist state. Relying upon a comparative approach, the discussion in this chapter centers upon three key questions:

First, given the diversity of state forms within the advanced capitalist world is it possible to identify common patterns with respect to the development, characteristics, activities, and functions of the state?

Second, how are we to make sense of the role and actions of the state in governing advanced societies, and in whose interests does it "rule"?

Third, in what ways do international or global forces condition the activities of the modern capitalist state?

These questions define the intellectual boundaries of our inquiry while the substantive focus is advanced capitalist states. By the concluding section you should be in a position to develop your own responses to

these three questions and to critically analyze the responses of others, including those of the author.

2 The Advanced Capitalist State: Diversity and Uniformity

Within the diplomatic world the state is generally taken to be coterminous with society and the nation. When the UK Ambassador to the United Nations delivers a speech to the Security Council, this is as a representative of the British state, the “official” voice of the nation and British society. From the outside the state therefore appears to be indistinguishable from “society.” Not surprisingly, it is fairly common to find the terms frequently used interchangeably. But, from the “domestic” perspective, the state is commonly understood as simply “the government,” the institutions of political rule: an entity separate from or even above society. These popular but conflicting understandings of the term “the state” suggest the need for a more rigorous conceptualization.

An obvious starting point is to view the state in terms of the “idea” of rule; a set of *public institutions* – government, parliament, armed forces, judiciary, administration; and a set of *public functions* – law-making, maintaining order and security. As the earlier discussion in chapter 2 indicated, the state is the locus of supreme authority within a delimited territory; authority which is reinforced by a monopoly of physical coercion. Mann offers a (neo-Weberian) definition of the state as:

- 1 a differentiated set of institutions and personnel embodying
- 2 centrality in the sense that political relations radiate outwards from a centre to cover
- 3 a territorially demarcated area, over which it exercises
- 4 a monopoly of authoritatively binding rule-making, backed up by a monopoly of the means of physical violence.

(Mann, 1988, p. 4)

Three important points flow from this definition. First, it emphasizes that the generic notion of the state embraces much more than the popular notion of “government” – e.g. the Major government or the Clinton administration etc. – since it refers to the whole apparatus of rule within society, e.g. government, police, army, judiciary, etc. Second, and closely associated with the first point, is the idea that the state defines the realm of supreme authority within society. The essence of the state is therefore to be distinguished from the specific agencies or institutions (the police, courts, social security, etc.) which give effect to that supreme authority. In simple terms the state as the realm of *public power* is to be differentiated from the agencies of rule within society. Third, as the embodiment of supreme authority, the

state is thereby the primary law-making body within a defined territory. Through its institutions of rule the state formulates, implements, and adjudicates the laws and legal framework which govern civil society. Mention of "civil society" in this context demands a further conceptual clarification.

"Civil society" refers to those agencies, institutions, movements, cultural forces, and social relationships which are both privately or voluntarily organized and which are not directly controlled by the state. This includes households, religious groups, trade unions, private companies, political parties, humanitarian organizations, environmental groups, the women's movement, Parent-Teacher Associations, and so on. In simple terms, "civil society" refers to the realm of *private power* and private organizations, whereas the state is the realm of public power and public organizations. Of course, this is by no means a fixed or finely calibrated distinction since the public and the private can never be so readily differentiated. Feminists, for instance, would argue that power relations in the household are significantly structured by the welfare and regulatory activities of the state and so are not constituted solely in the private sphere. Through its powers to make law as well as its spending, taxing, employment, education, health, and social security policies, the state is deeply enmeshed in the institutions and processes of civil society. In effect, through its actions or inactions, the state effectively establishes the contours and constructs the framework of civil society. It is therefore possible to argue that the state constitutes civil society because of its power to define and redefine the legal and political boundaries between the public and private spheres. As Mitchell observes, "The distinction must be taken not as the boundary between two discrete entities, but as a line drawn internally within the network of institutional mechanisms through which a social and political order is maintained" (Mitchell, 1991, p. 78).

2.1 The ACS: a comparative perspective

While it is possible to define the state in abstract terms, the actual institutional forms of the contemporary state vary enormously among the advanced capitalist nations of the West. Constitutional arrangements, political structures, social formations, national wealth, and productive power differ considerably. Although all claim the democratic mantle, they differ, as Lijphart has shown, between federal (US, Germany) and unitary (UK, France, Japan) state structures as well as between parliamentary (UK, Japan) and presidential (US, Finland) systems of government (Lijphart, 1984). Militarily and economically, too, there is enormous diversity. To give one startling comparison: the US defense budget in 1990 was equal to almost twice the gross domestic product (GDP) of Belgium and approaching half that of the UK. These states also differ significantly in terms of the nature of their welfare state provision. Some countries, like Sweden, have a comprehensive welfare regime while others like the US have limited state provision of welfare. This diversity, along with its implications for

how we progress beyond the particular to a more general understanding of the ACS, is analyzed in the following excerpt:

In Western Europe, we can distinguish between a *Scandinavian and Anglo-Saxon version* of the welfare state (Denmark, Finland, Norway, Sweden, United Kingdom, Ireland) and a *Continental version* (Belgium, Netherlands, France, Italy, Austria, West Germany, Switzerland). The former emphasizes social services rather than social transfers, the transfer schemes have universal coverage with a focus on the provision of minima, and financing is heavily based on general revenues. The latter emphasizes earnings-related and status-preserving social transfer payments, places more limits on coverage, and relies to a lesser degree on general revenue financing. A second – and empirically more problematic – typology distinguishes “institutional” and “residual” welfare state models in the Western world. In the residual model, welfare state schemes are selectively targeted on the poorer strata with guaranteed minima and only a mildly progressive tax system, whereas in the institutional model the schemes have a more universal coverage and rather generous benefits financed with the help of a highly progressive system of taxation. . . .

In a historical perspective, we can distinguish five general phases of welfare state development in Western Europe that to some extent cut across the national divergences (see table).

Phases of Welfare State Development in Western Europe

Phases	Time	Core welfare state concept
Prehistory	1600–1880	Policing the poor
Takeoff	1880–1914	Social insurance to integrate workers
Expansion	1918–1960	Social services as an element of citizenship
Acceleration	1960–1975	Promotion of quality of life
Slowdown	1975–	New mix of state, associational, and private responsibilities?

First, in the *prehistory* of the modern welfare state, national poor laws were developed. The policy choices in this period structured subsequent welfare state developments. This period extended roughly to the late nineteenth century. Poverty was perceived as an individual shortcoming, and support was given only in combination with tight controls. Public policy centered on the maintenance of collective order rather than on individual well-being.

Towards the end of the nineteenth century, the policy conception changed radically. As social insurance programs were adopted, the collective causes of misery were highlighted and individual well-being became a recognized policy goal, firmly established in individual legal entitlements. However, the scope of welfare schemes was still targeted selectively on the working class. The concern with public order was still central, the major objective being to integrate the workers into the capitalist

economy and the national state. Public efforts centered on income maintenance for workers, and the range of state services in health, housing, and education remained limited. Prior to World War I, the ratio of welfare spending to GDP remained below 5 percent throughout all Western European countries. However, as contemporary research on the impact of program age on current spending levels has shown, an important institutional basis for welfare provisions had been laid. This phase may therefore be considered the *takeoff* period of the modern welfare state.

After World War I, a long period of *expansion* began in which the scope and the range of welfare state activities was successively widened. The coverage of social insurance schemes was extended to white-collar strata and independent categories, health and education facilities were expanded, and public housing programs were adopted. Welfare services came to be perceived as a fundamental element of citizenship rights. National variations remained great, but in all countries the welfare expenditure ratio grew. The expansionary trend was spurred after World War II, which had strengthened national unity. In the leading country (Germany), the ratio of welfare spending to GDP had exceeded 20 percent during the interwar period. The Western European average climbed to 15 percent by 1960.

During the 1960s, welfare state expansion accelerated considerably. From 1960 to 1975, the average welfare expenditure ratio in Western Europe jumped from 15 to 27 percent. Income maintenance schemes now attained universal or nearly universal coverage, and benefit levels were repeatedly improved. Sizable resources were channeled into the health and housing sectors, and participation ratios in institutions of higher learning multiplied. The traditional idea of state provision of minima gave way to the new notion of state responsibility for optima. In several countries flat-rate minimum benefits were combined with earnings-related supplements. In institutional terms, the Western European welfare states came to resemble one another, as even the few remaining associational provisions were superseded by public schemes. In order to evaluate the effectiveness of public policy, several countries developed social indicator systems designed to measure the quality of life, for which the state now assumed a public responsibility. This was also part of a larger effort to move from a merely reactive social and economic policy to a more active engineering of societal development based on scientific analysis and forecasts. Thus, several countries set up national economic advisory councils to mobilize professional expertise (for example, the United Kingdom in 1961, West Germany in 1963).

With the recession of the mid-1970s these high-flying projects came to a sudden end. If we use the welfare expenditure ratio as the chief indicator, the speed of welfare state expansion was considerably curbed. Some countries even witnessed a *standstill* or slight decrease in welfare spending relative to GDP. However,

the wide variety of policy responses to the economic crisis seems to have led to an increase in national divergences.
(Alber, 1988, pp. 451–68)

Alber's approach to his subject matter is extremely instructive. Having alerted the reader to the substantial diversity of welfare regimes among advanced capitalist states, he nonetheless identifies common features and common patterns of development. Furthermore, he utilizes these common features in constructing broad typologies of states – Scandinavian and Continental versions of the welfare state; the austerity countries and the expansion countries – as an initial step in comparing different welfare state regimes. Building on this approach he suggests the feasibility of constructing general theoretical explanations which can account for the nature of different types of welfare state regimes or different types of national policy response to the crisis of the 1970s and 1980s. Thus it is both the *substantive content* as well as the *method* used by Alber in his study which is valuable here, since it confirms the value of comparison as a technique in sociological inquiry. Moreover, it indicates the feasibility of constructing general accounts of the state despite the obvious diversity of state forms within capitalist societies. While remaining sensitive to the differences between the OECD states which constitute the advanced capitalist world, we can now draw upon this comparative approach in the search for common features and general patterns with respect to the size, growth, and role of the state in advanced capitalist societies.

Since the turn of the century, one of the most striking features of all advanced societies has been the enormous expansion of the apparatus of government. Rose (in table 7.1) details the massive growth in central government departments in all western nations indicating the extensive bureaucratization of the state.

Table 7.1 The growth in central government departments 1849–1982

	1849	1982 (number of ministries)
France	10	42
Canada	8	36
Italy	11	28
United Kingdom	12	22
Denmark	8	20
New Zealand	19	19
Sweden	7	18
Germany	12	17
Norway	7	17
Belgium	6	15
Finland	11	15
Ireland	11	15
Australia	7	14
Austria	9	14
Netherlands	9	14
USA	6	13
Switzerland	7	7
Average	9.4	19.2

Source: Rose, 1984, p. 157

Table 7.2 Public expenditure in fifteen OECD countries as % of GDP

Year	Belgium	Denmark	W. Germany	Finland	France	UK	Ireland	Italy	Canada	Netherlands	Norway	Austria	Sweden	Switzerland	US
1850						11.1									
1855		8.4													
1860		9.4				10.7									
1865		11.2													
1870		9.2	13.3		11.0	8.7					5.8				
1875		8.3									5.9				
1880		8.9	9.9		15.4	9.1					6.8			16.5	
1885		10.0			15.0	9.2					7.4			15.0	7.1
1890		10.6	12.9			10.4									
1895		10.3			15.2	14.9									
1900		10.8	14.2		14.6	12.4				8.9	9.9			11.1	7.9
1905		10.0	15.1		14.4	12.7				8.8					
1910		12.3				12.7				8.8	9.3				
1915		11.5	17.0			12.7				9.1				14.0	8.5
1920		15.3			34.2	27.4				18.5	12.8			17.0	12.6
1925		13.4	22.4		21.9	23.6				14.9				17.4	11.7
1930		13.5	29.4		22.1	24.7	21.5			15.2	17.4			17.4	21.3
1935		17.5	29.8		35.4	23.7	20.8			18.0	18.1			23.7	
1940		19.2	36.9		29.2	33.4	27.8			18.3	19.1			23.9	22.2
1945		20.0			37.2	45.5	26.8				29.3			29.3	
1950	22.6	19.4	30.8		28.4	30.4	27.4			27.0	25.5	25.0		19.8	23.0
1955	24.7	23.6	30.0		32.2	30.2	27.5			28.5	26.8	27.5		17.4	24.9
1960	30.3	24.8	32.0		34.6	32.6	28.0	27.8	27.1	33.7	29.9	32.1	26.4	17.2	27.8
1965	32.3	29.9	36.3	26.7	38.4	36.4	33.1	30.1	28.9	38.7	34.2	37.9	31.1	19.7	28.0
1970	36.5	40.2	37.6	31.3	38.9	39.3	39.6	34.3	29.1	45.5	41.0	39.2	36.0	21.3	32.2
1975	44.5	48.2	47.1	31.3	43.5	46.9	47.5	34.2	35.7	55.9	46.6	46.1	43.7	28.7	35.4
1980	51.7	56.0	46.9	38.2	46.2	44.6	48.9	45.6	40.8	62.5	49.4	48.5	49.0	29.7	33.2

Source: Berger, 1990, p. 117

Similarly, the growth of public expenditure in western nations over the last one hundred years represents further evidence of the enormous expansion of state activity (see table 7.2). Commenting on similar public expenditure figures, Pierson observes that a state which controls 11 percent of GDP (near the average for the turn of the century) is a fundamentally different entity than one which controls three times that figure (the average for the contemporary western state) (Pierson, 1991, ch. 2).

Besides disbursing significant resources, the state in most advanced societies is also a major, if not the largest, single employer. Clearly the scale and changing patterns of public employment have important ramifications for national labor markets and the nature of work as well as social divisions and domestic political alignments. For example, the biggest growth in public employment has been in those sectors, such as health, education, and personal social services, which have tended increasingly to recruit women. In 1981, "... 65–75 percent of college educated women in Germany, Sweden and the US were employed in the social welfare industries" (Pierson, 1991, p. 135).

But it is not simply the scale of public expenditure and employment which distinguishes the ACS from earlier historical states; it is also the nature of its activities. In comparison with traditional state forms, the balance between the welfare and warfare activities of the state has shifted decidedly in favor of the former. The historical evidence appears to confirm that the transformation from a warfare-dominated to a welfare-dominated state has been particularly marked across all advanced capitalist nations in the post-World War II era. In terms of the post-war changes in the composition of state budgets (table 7.3), the changing pattern of major state activities and the expansion of non-military expenditure (table 7.4), the ACS has become increasingly welfare-oriented.

Table 7.3 Military expenditure as a percentage of state budgets 1850–1975

Year ^a	Austria	France	UK	Netherlands	Denmark	Germany
1850		27.4				
1875		23.2			37.8	34.0
1900		37.7	74.2	26.4	28.9	22.9
1925	7.7	27.8	19.1	15.1	14.2	4.0
1950		20.7	24.0	18.3	15.6	13.5
1975	4.9	17.9	14.7	11.3	7.4	6.4

^aDates are very approximate
Source: Tilly, 1990, p. 124

Both Tilly and Therborn refer to this remarkable transformation as a process of "civilianization" of the modern state (Tilly, 1990; Therborn, 1989). But it would be more accurate to conceive of the state in the majority of advanced nations as both a welfare and a warfare state, a characterization which will be justified in a subsequent section.

It would appear reasonable, on the basis of this broad overview, to offer four general observations about the state in advanced capitalist countries. First, in terms of both the nature and scale of its activities, the contemporary state bears only mild resemblance to its historical

Table 7.4 State (Non-military) expenditures as a percentage of GNP

Year	Britain	France	United States	Japan
1890	3.8	9.6	1.9	6.3
1900	3.5	8.5	1.8	7.4
1913	4.0	6.1	1.0	8.3
1920	14.5	15.0	4.5	5.4
1930	14.7	11.2	2.7	8.1
1938			6.5	17.3
1950	19.2	21.9	10.4	16.0
1960	17.5	18.1	9.6	10.8
1970	22.7	23.5	11.9	10.3
1980	28.5	27.2	17.2	17.6

Source: adapted from Rasler and Thompson, 1989, p. 152

counterparts depicted in earlier chapters. While there are obvious continuities, such as the powerful attachment to military force and military security, the nature and functions of the state have been transformed over the last century. Second, its functional responsibilities have expanded considerably to embrace the welfare and material security of its citizens alongside the traditional goals of maintaining security and order. Third, given its sheer size and complexity, it would appear over-simplistic to treat the ACS as some kind of monolithic entity which operates in a unified manner. Rather, the state is a highly fragmented and in some respects de-centered apparatus of rule. Fourth, despite the tremendous variation among ACSs in terms of political structures, state forms, and welfare provision, they also exhibit many common features and similar evolutionary patterns. In view of this fact, it does not seem entirely fanciful to engage in generalizations about, or to construct general theoretical accounts of, such a heterogeneous set of states. On the contrary, an intriguing question arises: How do we account for these common features and broad similarities among such a diverse collection of states?

3 The Formation of the Advanced Capitalist State

In his overview of the formation of the modern nation-state in chapter 2, David Held focused on the role of war and the role of capitalism. The modern state, it was argued, was forged by the intersection of external and internal forces. Although much of the traditional literature on the evolution of the state tends to give primacy to the latter, more recent scholarship has combined this with an emphasis on the profound significance of war and modern warfare in accounting for the nature of the advanced capitalist state (Mann, 1986). Such an emphasis is to be welcomed since "... who, living in the twentieth century, could for a moment deny the massive impact which military power, preparation for war, and war itself, have had upon the social world?" (Giddens, 1985, p. 22). Accordingly, the approach adopted here will

extend the analytical framework deployed in chapter 2 to examine the underlying forces which have determined both the nature and the development of the state in advanced capitalist societies.

3.1 The logics of militarism

Tilly (as noted earlier) identifies one of the distinctive features of contemporary western states as the "civilianization" of government (Tilly, 1990, p. 122). In comparison with early modern states, the ACS is entirely in civilian hands. Paradoxically, this civilianization of government has been accompanied by the "militarization" of society in the wake of the industrialization of warfare. National security in the modern age is no longer a matter of ensuring that the barracks are constantly manned. Rather, it demands state intervention to organize society and industry so as to ensure that, should war occur, military requirements can be rapidly met. Modern warfare has become incredibly capital-intensive such that a sophisticated and well-resourced industrial and technological infrastructure, organized by the state, is essential to national defense. As a consequence: "Preparation for war . . . is a continuous activity, reaching into all aspects of society and eroding, even nullifying, conventional distinctions about the 'civil' and the 'military' spheres of life" (Pearson, 1982, p. 11).

One of the distinctive features of all advanced industrial societies is the interlocking nature of the civil and military domains. At one level, it finds expression in the technologies and infrastructure which are very much part of everyday existence. Advanced telecommunications, the miniaturized electronics found in many household appliances, satellite TV, jet aircraft, and nuclear power, not to mention modern management techniques, such as operational research, government statistics, and sophisticated satellite cartography, all have their origins or stimulus in the military sector or military requirements. Equally, many civil technologies or facilities have direct military uses. During the 1991 Gulf War, American military commanders were able to use portable telephones linked through private sector satellites, such as those of AT&T, to communicate directly with their home bases. But this erosion of the civil-military distinction is not solely expressed in the dual use which can be made of most modern technologies or facilities. Rather more significant is the fact that the traditional distinction between war-time and peace-time has been steadily eroded by the industrialization of warfare. While there are obvious political and international legal distinctions between the two conditions, in practice defense in the modern era totally depends on the constant preparation for war. This was demonstrated unambiguously in 1990 by the incredible swiftness with which the allied nations were able to deploy unprecedented military force to the Middle East in order to liberate Kuwait from Iraqi occupation.

Even with the passing of the Cold War, continuous preparation for war remains a perfectly "normal" feature of advanced societies. To ensure national security in an age of technological warfare the state must organize the industrial, technological, and economic resources of

society in order to produce the sophisticated weapons systems required and to sustain a highly professional military machine. Militarism is therefore deeply embedded in all modern industrial societies.

While "embedded militarism" may be a normal feature of advanced societies, it is not accompanied, as in previous historical epochs, by military rule or a strong propensity for military aggression. On the contrary, modern militarism articulates "... an attitude or a set of institutions which regard war and the preparation for war as a normal and desirable social activity" rather than the military domination of society *per se* (Mann, 1988, p. 127). A cursory examination of most western societies would confirm that, despite the demise of the Cold War, defense remains a central preoccupation of all ACSs. In the US, Britain, France, Germany, and Japan, military or security-related functions may no longer account for the largest slice of state expenditure, yet national security and military requirements permeate the whole of society. This is simply because, in order to produce advanced weapons systems and to maintain a military-technological edge, the state is implicated in a "military-industrial-bureaucratic-techno-complex" (MIBT) (Thee, 1987).

According to Thee, the MIBT is a self-sustaining structure, representing a fusion of the state and agencies within civil society, whose sole purpose is to prepare for war. It embraces the common interests and symbiotic relationships between the military, the defense-related segments of the state bureaucracy, politicians whose constituencies receive military contracts, industries which rely on defense work, unions which seek to protect their members' jobs, and producers of knowledge (universities, research establishments, etc.), all of which depend upon the maintenance or expansion of defense spending. Moreover, it is a structure which has become internationalized, through the operation of alliance organizations like NATO (the North Atlantic Treaty Organization) and the increasing globalization of defense production.

With the decline of the Cold War, the deeply rooted nature of militarism within advanced capitalist societies has become more "visible." Successive attempts to reap a significant "peace dividend," through the contraction of the military machine, have met with powerful resistance from those sectors and communities likely to lose out. In the US and the UK (where the military are the largest single consumers of goods and services in their respective national economies), the defense effort so permeates society that attempts to reduce it threaten to undermine the technological competitiveness of the most advanced sectors of industry and the prosperity of those regions, such as the Sun-belt states or the South-East respectively, which have benefited from high levels of defense spending (Lovering, 1990; Gummatt and Reppy, 1991).

Accounts of the MIBT vary in their interpretations of its causal dynamic. Many neo-Marxists locate its dynamic in the nature of capitalism, either in terms of the drive for profit on the part of capital or the state's use of military spending to regulate the capitalist economy. Power-elite theorists, such as C. Wright Mills, account for it

in terms of the confluence of interests between military, political, and economic elites within capitalist societies (Mills, 1956). Others explain it as a product of coalition building among bureaucratic, political, military and industrial agents and groups who have essentially common interests in sustaining military innovation and capabilities (MacKenzie, 1990). A rather different approach is advocated by Mann and Giddens. They consider militarism within advanced societies, as expressed most visibly in the MIBT, to be a consequence of the industrialization of war in the context of a global states system in which "might is right" (Mann, 1988; Giddens, 1985). This particular argument, which combines insights from historical sociology and international relations, locates modern militarism in a comparative and global context. It explores why militarism has become "embedded" in the very fabric of advanced societies as well as how, together with the actual experience of two world wars, it has contributed to the transformation of the state within western nations since the turn of the century. Put simply, the argument is that in a global system of sovereign nation-states each state is the only guarantor of its own security. But, because each state arms to defend itself, this immediately generates insecurity in surrounding states. Insecurity is therefore a permanent structural feature of the global states system. Accordingly states must constantly prepare for the eventuality of war if they are to feel secure. Combine this with the industrialization of war, which requires the state to organize society in such a way that facilitates this permanent preparation for war, and the consequence is an "embedded militarism," to varying degrees, within all advanced societies.

In a magisterial study of the impact of modern warfare on society, Pearton argues that, since the close of the last century, the industrialization of war has played a primary role in transforming the relationship between state, society, and the economy in western countries (Pearton, 1982).

Industrialization required the state to forge direct links with private industry in order to secure the supply of modern military hardware. New technologies which had significant military implications, like the railway and the telegraph, were nurtured or supervised by the state. In Germany, for instance, railway construction was directed and controlled by the military, as was the development of the chemical industry (McNeill, 1983). State intervention in industry to strengthen the nation's military capability was driven by the fear that to lag behind a potential rival would be to court defeat should war occur. Competition between states, generated by the endemic insecurity of the inter-state system, combined with the industrialization of warfare rapidly eroded the traditional *laissez-faire* approach to the economy. By 1913, for instance, one-sixth of the entire British workforce was dependent solely on navy contracts. As Pearton comments "The state, in all countries, began to undermine the liberal economy in regard to its military requirements, even before the [First World] War broke out" (Pearton, 1982, p. 49).

When it came, industrial war brought with it destruction and human suffering on a scale never before witnessed in western civilization.

Unlike war in the seventeenth or eighteenth centuries, World War I was a total war. It involved the mobilization of entire national populations and economies.

In Britain, France, Germany, Russia, and the United States the state was forced to engage in direct regulation of the economy, controlling those sectors considered vital to the war effort. The concept of the “home front” entered common parlance as the “real” battleground – the Western front – and placed increasing demands upon society and the economy (see table 7.5).

Table 7.5 War expenditure and total mobilized forces, 1914–19

	War expenditure at 1913 prices (billions of dollars)	Total mobilized forces (millions)
British Empire	23.0	9.5
France	9.3	8.2
Russia	5.4	13.0
Italy	3.2	5.6
United States	17.1	3.8
Other Allies*	-0.3	2.6
<i>Total Allies</i>	<i>57.7</i>	<i>42.7</i>
Germany	19.9	13.25
Austria-Hungary	4.7	9.00
Bulgaria, Turkey	0.1	2.85
<i>Total Central Powers</i>	<i>24.7</i>	<i>25.10</i>

* Belgium, Romania, Portugal, Greece, Serbia
Source: Kennedy, 1987, p. 274

Industrialists and trade unionists were co-opted into the state machine to manage the “home front.” Scientific knowledge and technological innovation were also harnessed to military requirements. During this period the state discovered a capacity to “manage” society and the economy; a realization which was to have important consequences for post-war reconstruction. As Beveridge, the “founder” of the British welfare state, remarked in 1920, “We have . . . under the stress of war, made practical discoveries in the art of government almost comparable to the immense discoveries made at the same time in the art of flying” (quoted in Smith, 1986, p. 61).

Beyond the destruction – the human toll was appalling with over 7.7 million combatants killed – the unintended and unforeseen consequences of the war were far reaching. Pearton notes that “. . . industrialized war enabled the state to tighten its grip on society and make industry responsible to its demands” (Pearton, 1982, p. 174). In the political domain the need to mobilize entire populations accelerated processes of democratization.

It also, according to Pierson, helped lay the ideological foundations of both the “welfare state” and expanded notions of citizenship (Pierson, 1991). In the economic domain new industries, such as aircraft manufacture, grew rapidly while the traditional industries were modernized. The world of work changed too. Widespread diffusion of “Fordist” techniques of mass production were encouraged by wartime demands and state initiatives. In addition, the war also triggered a

massive surge in trade unionism. Nor did the household escape change, with the temporary expansion of the female labor market and the decline of domestic service. According to McNeill, the extent of these changes added up to a "social metamorphosis" (McNeill, 1983, p. 317).

If the "Great War" marked a "... discontinuity in our culture" (Pearton, 1982, p. 49) World War II underwrote a further phase in the re-structuring of state-society relations in all western societies. By comparison with 1914 the war effort demanded state intervention in the economy and society on an unprecedented scale. For example, Allied armaments production in 1943 alone equalled that for the entire period 1914-18 (see table 7.6).

Table 7.6 Armaments production of the powers, 1940-3 (billions of 1944 dollars)

	1940	1941	1943
Britain	3.5	6.5	11.1
USSR	(5.0)	8.5	13.9
United States	(1.5)	4.5	37.5
<i>Total of Allied combatants</i>	<i>3.5</i>	<i>19.5</i>	<i>62.5</i>
Germany	6.0	6.0	13.8
Japan	(1.0)	2.0	4.5
Italy	0.75	1.0	-
<i>Total of Axis combatants</i>	<i>6.75</i>	<i>9.0</i>	<i>18.3</i>

Source: Kennedy, 1987, p. 355

Along with the mobilization of industry and science, the mobilization of entire civil populations transformed the relationship between the state and its citizens.

In addition, some 13 million battle deaths and at least as many civilian deaths, combined with the unimaginable scale of the destruction and dislocation wreaked across Europe and the East, reinforced demands for extensive state intervention in the process of post-war reconstruction. In Britain, reconstruction witnessed the birth of the "welfare state," while in Germany and Japan reconstruction brought a complete social and political transformation as the "victors" imposed their own vision of liberal-capitalist democracy. Within all western countries the unforeseen legacy of war involved an expanded role for the state as well as a deepening of citizenship rights and democracy.

According to Milward, the war experience contributed to a decisive change in the role of the state within western capitalist nations:

The hope that the economy could be managed, and the political will that it should be managed, were greatly reinforced by the knowledge of the more detailed workings of business and industry which central governments were forced to acquire between 1939 and 1945. That is perhaps the most immediately obvious historical consequence of the changes in the direction of the economy in the second world war. Capitalist economies had been made to function in a very different way and it is easy to see in the plans

for reconstruction that their economic shibboleths had been much altered by the war experience. Governments were persuaded that their economic powers were much more extensive and their economic duties more compelling.
(Milward, 1987, p. 128)

The war crystallized social and political forces around "managed capitalism" – state intervention in and management of the economy to ensure full employment combined with the provision of welfare services. Titmus, a leading sociologist of the period, attributed this in Britain to the fact that the war "... spread and quickened a trend towards social altruism and crystallized within the nation demands for social justice" (quoted in Fox, 1986, p. 36). Yet, in many other respects the war, but particularly the Holocaust, stood as a clear indictment of the central ideals of European civilization – the attachment to inevitable social progress, instrumental rationality, and western cultural supremacy – which had been fixed in the western imagination since the age of the Enlightenment *philosophes*. In this sense, the war had a dramatic impact upon the West, marking a new discontinuity in western culture and its collective consciousness.

A further discontinuity between the pre-war and the post-war worlds arose with the bombing of Hiroshima and Nagasaki in August, 1945. The advent of nuclear weapons, which epitomized the harnessing of science and technology for military purposes, transformed modern warfare. With the development of the Cold War, two nuclear armed camps confronted each other for over forty years in the knowledge that "hot" war would extinguish humanity. In this context defense became synonymous with deterrence. But for deterrence to be credible required permanent preparation for war on a scale which demanded extensive state activity in organizing society's economic, industrial, technological, and human resources to ensure production of the most advanced military hardware and to the highest possible technical standards. The result was a post-war remilitarization of societies in both the East and the West anchored into position by global alliance structures. President Eisenhower, in his famous speech warning of the dangers posed by the "military-industrial complex," feared this remilitarization would undermine western societies through its corrosion of democratic practices and its distortion of the capitalist economy. Paradoxically, the military burden was more severely felt in the Eastern bloc, where it helped along the decline of state socialism.

"Embedded militarism," despite the demise of a bipolar world, remains a distinctive feature of all advanced societies. Of course within the West there exists significant diversity with respect to both the scale of national military efforts and the particular dynamics of militarism. Yet, for all the major western states, embedded militarism retains its common roots in the industrialization of warfare and the workings of a global states system in which security is measured solely in units of military-industrial capabilities. Thus, as Giddens and others have argued, the logics of militarism together with the actual experience of

war in the twentieth century have been key processes in the formation of the ACS (Giddens, 1985). However, the story so far remains essentially one-dimensional.

3.2 The logics of capital

The welfare state . . . is a major aspect of politics, policy, and states of our time. Alongside liberal democracy, it may be said to be the most pervasive feature of the everyday politics of western countries. Health and social care, education, and income maintenance constitute today the predominant everyday activities and pecuniary efforts of the states of advanced capitalism. (Therborn, 1989, p. 62)

The universal nature of the modern welfare state, to which Therborn refers, has been attributed to the dynamics of industrial capitalism. But the primacy now attached to welfare provision in all advanced capitalist societies is a recent and somewhat surprising development. No account of this development can ignore the complex interplay between endogenous factors, such as class conflict, and exogenous factors, such as war or international economic crises (Gourevitch, 1986).

In the post-war period, “managed capitalism” – through which, to varying degrees, the state in western societies accepted some responsibility for ensuring full employment, providing welfare services and a modicum of social justice – emerged as the dominant “framework” for organizing the continued reproduction of advanced capitalism. “Managed capitalism,” it has been argued, was based on a historic class compromise between capital and labor in which the state played a critical mediating role. Through a combination of Keynesian and interventionist economic policies, the state sought to sustain economic growth and full employment while simultaneously, through its welfare programs, it attempted to redress some of the inequalities inherent in capitalism. Corporate capital and organized labor accepted in return the need to look beyond their own sectional interests to the furtherance of the collective interests of the nation. In Britain, “managed capitalism” was associated with the institutionalization of the welfare state – i.e. the establishment of the National Health Service, the extension of educational provision, the implementation of national social insurance – and an attachment to consensus politics. But in some respects the UK was atypical, insofar as the post-war commitment to managed capitalism in other countries, for example Sweden and the US, largely reflected the consolidation of a “historic compromise” between corporate capital, organized labor, and the state which had been arrived at in response to the trauma of the Great Depression.

Although the US and Sweden are viewed as polar opposites with respect to welfare state provision – with the US considered a “welfare laggard” in comparison to Sweden with its comprehensive welfare provision – both nonetheless have much in common insofar as they experimented with a kind of “welfare state project” as part of a social

democratic/reformist response to the economic crisis of the 1930s. Underlying this reformist response was a coalition of agricultural, labor, and corporate interests which in partnership with the state forged a successful accommodation of interests around progressive policies of "managed capitalism." In the case of the US this was articulated in Roosevelt's New Deal, while in Sweden it took the form of the Saltsjobaden Accord and the entrenchment of social democratic rule (Gourevitch, 1986, ch. 4). However, in the UK, social reformism took hold in the process of post-war reconstruction, rather than in the context of international economic crisis. Despite the diverse trajectories of national developments, there can be no disputing the fact that the post-war period witnessed a universal expansion of the welfare state (coupled with an explicit attachment to Keynesian strategies of economic management) within the western capitalist world.

Within the last decade the social democratic account of the welfare state has drawn substantial criticism in relation both to its historical accuracy and its intellectual coherence. Historically, the social democratic "story" tends to play down the continued significance of deep social and class divisions within capitalist societies, with its stress on the social and political consensus surrounding the welfare state. Yet it is clear that in the majority of advanced capitalist nations the post-war consensus on bounded or "managed capitalism" has not survived the global economic crisis of the 1970s and the subsequent national economic re-structuring. In the UK, for instance, the emergence of "Thatcherism" in the 1980s is often taken to define the end of "consensus politics." Similar, though not as dramatic, political changes in Germany, the US, Sweden, and other western states in the 1980s underline the fragile and historically contingent character of "managed capitalism." Furthermore, this account fails to acknowledge that many of the original and more radical welfare state measures were introduced, not by social democratic or socialist regimes, but by liberal or conservative governments (Pierson, 1991).

Recent scholarship on the origins of the welfare state tends to place greater stress on the role of organized working-class interests as well as on the fragile nature of the coalitions which nurtured its formation (Esping-Andersen, 1985; 1990). Moreover, it seems simplistic, as do so many social democratic accounts, to assume that governments promoting social reform merely responded to societal pressures. Quite clearly, as much of the historical evidence confirms, the development of welfare programs was sometimes driven by the state's own requirements "... not least in the securing of a citizenry fit and able to staff its armies" (Pierson, 1991, p. 35). As Giddens observes, state managers had a political interest in developing welfare programs since they afforded an expanded scope for official "surveillance" and created new mechanisms of social control (Giddens, 1985). Nor should it be forgotten that, while much of the visible activity of the welfare state involves responding to the failings of the market, welfare programs and state intervention also function to support and sustain, rather than supplant, the market system (Therborn, 1987).

In comparison to the "social democratic paradigm," the Marxist

tradition stresses the functional role of the welfare state in sustaining capitalism. Of course, within this broad tradition there is considerable theoretical diversity. Despite this diversity, two distinctive approaches can be discerned: the first locates the origins of the welfare state and "managed capitalism" in the class struggles of capitalist society; the second considers it a mechanism for "regulating" (but in no sense resolving) the contradictions within capitalist society. In both cases the emphasis is on the welfare state as a *capitalist* state.

The class struggle approach considers managed capitalism primarily as a regime for ensuring the continued reproduction and maintenance of an essentially exploitative capitalist socio-economic order. Unlike the social democratic paradigm, which considers the welfare state as a "real" class compromise, this approach conceives of it as an apparatus of social control:

From the capitalist point of view state welfare has contributed to the continual struggle to accumulate capital by materially assisting in bringing labour and capital together profitably and containing the inevitable resistance and revolutionary potential of the working class . . .

. . . the social security system is concerned with reproducing a reserve army of labour, the patriarchal family and the disciplining of the labour force. Only secondarily and contingently does it function as a means of mitigating poverty . . .

(Ginsburg, 1979, p. 2)

Gough echoes this critique in suggesting that "managed capitalism" has never been based on a real accommodation of class interests but rather reflected the ". . . ability of the capitalist state to formulate and implement policies to secure the long-term reproduction of capitalist social relations" (Gough, 1979, p. 64). The development of the welfare state in the UK, Germany, Sweden, and the US is often cited to validate this argument. Piven and Cloward, for instance, argue that in the case of the US the New Deal reforms were essentially a response to ". . . the rising surge of political unrest that accompanied this [Great Depression] economic catastrophe" (Piven and Cloward, 1971, p. 45). However, this "social control" perspective is not entirely convincing. On the one hand, according to Pierson ". . . it is difficult to sustain the argument that the growth of the welfare state was exclusively or even preponderantly in the interests of the capitalist class" (Pierson, 1991, p. 54). On the other hand it adopts an uncomplicated view of the state as an extension of the ruling class with limited autonomy and no independent sources of power.

A second approach locates the origins of the welfare state in the contradictions of capitalist society, and more specifically in the dynamic tension between democracy and capitalism. A major exponent of this "neo-Marxist" position is Claus Offe. His analysis concentrates on the welfare state as a form of "crisis management" whose primary purpose is to regulate the contradictions between liberal democracy and market capitalism (Offe, 1984). Offe's argument is that the welfare state emerged as an apparatus to "reconcile" the demands of citizens,

expressed through the democratic process, for a more secure standard of living with the requirements of a crisis-prone capitalist economy in which accumulation – continuous acquisition of capital – “rules.” Because democracy and private accumulation can never be successfully reconciled, the welfare state functions as a form of “crisis manager,” constantly attempting to secure both “continued accumulation” and “continued legitimation” (Pierson, 1991, p. 58).

Offe’s approach provides a complex appreciation of the origins of the welfare state without denying the significance of the political struggles and class compromises – “managed capitalism.” As he notes, underlying the development of the welfare state

... is a politically constituted class compromise or accord ... It is easy to see why and how the existence of this accord has contributed to the compatibility of capitalism and democracy ... each class has to take the interests of the other class into consideration: the workers must acknowledge the importance of profitability, because only a sufficient level of profits and investment will secure future employment and income increases; and the capitalists must accept the need for wages and welfare state expenditures, because these will secure effective demand and a healthy, well-trained, well-housed and happy working class. (Offe, 1984, pp. 193–4)

This analysis emphasizes the “autonomous” character of the welfare state – i.e. actively reconciling contradictions – in comparison to other theories which stress its essentially class based or social democratic character. Moreover, unlike the social democratic/reformist account, it considers that this reconciliation is neither stable nor permanent but rather is subject to continuous negotiation and adaptation. In effect, the state is trapped in a cycle of crisis management. In Offe’s view, the welfare state and “managed capitalism” are thus historically contingent; they have no fixed institutional or political form; and neither is necessarily a permanent feature of the political terrain of advanced capitalism. However, critics have pointed to the strong functionalist logic which underpins Offe’s analysis: that is, the needs of capitalism seem to predetermine the action and responses of the state. As a consequence, the state is projected as a kind of “black box” rather than an arena within which socio-political struggles are played out.

If the logic of capitalism has shaped the formation of all modern welfare states, it has nonetheless been mediated by distinctive national social and political formations which have culminated in very different types of welfare regimes. Therborn attempts to impose some order on this diversity by creating a typology of welfare state regimes (Therborn, 1987). Welfare states are classified along two dimensions: whether the commitment to full employment is relatively strong or relatively weak; and whether entitlements to social benefits are extensive or restrictive. This, as table 7.7 shows, produces a four-fold categorization of welfare states from the strong-interventionist type, the Scandinavian model, to the market-oriented type, such as the US and the UK. You may notice,

Table 7.7 A typology of welfare states

		Social entitlements	
		High	Low
Commitment to full employment	High	Strong interventionist welfare states	Full employment-oriented small welfare states
	Low	Soft, compensatory welfare states	Market-oriented welfare states

too, that the two highest defense spenders in the West (the US and the UK) also have in common minimal welfare state provision.

Thus, as Pierson notes, we can identify the following four categories:

Strong interventionist welfare states (extensive social policy, strong commitment to full employment)

Sweden, Norway, Austria, (Finland)

Soft compensatory welfare states (generous social entitlements, low commitment to full employment)

Belgium, Denmark, Netherlands, (France, Germany, Ireland, Italy)

Full employment-oriented, small welfare states (low social entitlements, but institutional commitment to full employment)

Switzerland, Japan

Market-oriented welfare states (limited social rights, low commitment to full employment)

Australia, Canada, USA, UK, New Zealand.

(Pierson, 1991, p. 186)

Capitalism has been a central force in the formation of the contemporary state. As this section has argued, both social democracy and neo-Marxism have much to say about the relationship between capitalism and the nature of the ACS. While these traditions have particular strengths and limitations both share one common failing: a tendency to underplay the significance of international or exogenous forces of socio-political change. As Gourevitch's study of the impact of international economic crisis on western capitalist states demonstrates, the emergence of "managed capitalism" and the welfare state had a powerful external stimulus in the global depression of the 1930s:

Out of the traumas of the depression of the 1930s and of World War II the countries of Western Europe and North America had forged a "historic compromise". Bitter enemies had worked out a truce built around a mixed economy, a kind of bounded capitalism, where private enterprise remained the dynamo but operated within a system of rules that provided stability, both economic and political.

(Gourevitch, 1986, p. 18)

International economic crises are in many respects the equivalent of war in the sense that they may disrupt established frameworks of national economic management as well as the political and social

coalitions which sustain them. No account of the ACS can therefore afford to ignore the ways in which global economic forces intrude upon the processes of state formation. Alber has argued that the global economic recession of the 1980s disturbed the social and political basis of "managed capitalism" and promoted a restructuring, if not a retrenchment, of welfare provision in all western states. Whether this spells the end of organized or "managed capitalism," as some would argue, or whether it merely represents a temporary deviation from established practice, remains a vigorously debated topic. What is incontestable, however, is the increasing significance of global conditions in defining the types of welfare regimes which can realistically survive in a more economically interconnected world system. As Gourevitch observes in the contemporary era, "... pressure has built up to curtail state spending and interventions. Whatever the differences in partisan outcomes, all governments have been pressed in the same direction" (Gourevitch, 1986, p. 33). The implication is that exogenous forces of change have a strategic role in accounting for the form of the ACS.

3.3 The welfare-warfare state: a review

Mann argues that "... capitalism and militarism are both core features of our society but they are only contingently connected" (Mann, 1988, p. 127). The discussion in the preceding pages would appear to confirm his position. Taking the question of the welfare state, for instance, there can be little dispute that it is a product of both the dynamics of capitalism and the unintended consequences of war. Yet there is little common agreement on precisely how the intersection of these causal forces culminated in the institutionalization of the modern welfare state. Given such uncertainty, a reasoned conclusion might be that, while the ACS has been, and continues to be, fashioned by both militarism and capitalism, the intellectual temptation to give causal primacy to one over the other has to be resisted in favor of a more eclectic approach which recognizes the complex intersection of these forces. Such eclecticism reflects the reality that the ACS has always faced both inwards and outwards; inwards towards society and outwards towards a system of states. Accordingly the ACS continues to be defined by the complex interplay between endogenous and exogenous processes of change: the domestic realm of socio-economic conflict and the external realm of inter-state rivalry respectively.

4 Putting the Advanced Capitalist State in Perspective

The discussion so far has concentrated on the dynamic processes of formation: an overview of the development of the ACS but in "fast-forward" mode. In this section we shift from "fast-forward" mode, continuing the video metaphor, to a "freeze frame" or synoptic mode in

an attempt to understand the functions and the power of the state in advanced capitalist nations. As the previous discussion has demonstrated, the post-war period witnessed a massive expansion of the state apparatus and state activity in all western societies. This raises a series of intriguing questions: Does this expansion represent an accretion of power by the state in capitalist societies? Or is it a sign of a weak state unable to resist societal demands? In whose interests does the ACS "rule"? Is the state best conceived as a "capitalist" state or an "autonomous" state? These are somewhat intimidating questions. Perhaps by engaging with some of the existing literature which has analyzed these issues we can begin to sketch in the outlines of some "answers." This will involve not only confronting different theoretical approaches to the state but also focusing on "... the state's authoritative actions and inactions, the public policies that are and are not adopted" (Nordlinger, 1981, p. 2): what the state does or fails to do.

As Alber has highlighted, the global economic crisis which began in the 1970s and continued into the early 1980s corroded the domestic social and political foundations of "managed capitalism," with the consequence that the role of the state has come under increasing scrutiny in all ACSs (Alber, 1988, pp. 451-68). Even in Sweden, social democratic governments have been forced to rethink the state's role in response to domestic political crises and international economic conditions. And in France a socialist government was forced to embrace aspects of the "New Right" agenda. By the 1990s, given the collapse of "state socialism" in Eastern Europe, the proper extent of state intervention in civil society and the legitimate boundaries of state power remain issues which continue to occupy a strategic position (if at times somewhat camouflaged) on the domestic political agenda within the majority of ACSs.

Political controversy within society over the proper role of the ACS has had the effect of rejuvenating the study of the state within sociology and associated disciplines. A "state debate" has emerged, delivering some new insights into the ACS. Within this debate, two distinct approaches can be identified to the key questions of state power and the relationship between state and civil society. "Society-centered" approaches, which embrace a variety of theoretical traditions, view the ACS as tightly constrained by the structure of power within society and heavily reliant, for the most part, on the political support and economic resources generated by powerful private actors. In effect, the tendency is for state action or inaction to reflect the interests of the dominant groups within society, whether dominant classes or elites. Thus Nordlinger writes that the ACS in such approaches "... is commonly seen as a permeable, vulnerable, and malleable entity, not necessarily in the hands of most individuals and groups, but in those of the most powerful" (Nordlinger, 1981, p. 3). In comparison "state-centered approaches" stress the power of the ACS in relation to societal forces and its ability to act "... contrary to the demands of the politically best endowed private actors, whether these are voters, well organized "special interest" groups, the managers of huge corporations, or any other set of societal actor" (Nordlinger, 1981, p. 2). Within each

of these two general approaches can be located a heterogeneous grouping of theoretical accounts of the ACS. These are given more exposure in the two subsequent sections.

4.1 Society-centered approaches

The emergence of liberal democracy has often been identified with both the extension of the franchise and the consolidation of social and political pluralism. Representative government in all ACSs is supplemented by the existence of a universe of diverse social and political groupings within civil society. In addition to the "vote," citizens thus have the ability to channel their demands on the state through those social groups, organizations, or movements with which they are associated. Accordingly, liberal democracy, as the previous chapter implied, is commonly equated with polyarchy: a system in which power and political resources are largely fragmented. Within this classical pluralist tradition, the state's role is primarily conceived of as processing political issues and securing a societal consensus by delivering policy outcomes that do not diverge substantially from the status quo and which reflect the demands of the public. Such a conception implies an essentially neutral or broker model of the state, and a correspondingly wide dispersion of power throughout society such that no one group or set of interests systematically dominates the political process.

Few political scientists or sociologists would accept that classical pluralism offers even a remotely accurate account of the state or policy-making in ACSs. Even its original proponents, Robert Dahl and Charles Lindblom, no longer argue that it provides a fair representation of American liberal democracy at work, let alone democracy in other ACSs (Dahl, 1985; Lindblom, 1977). Coming to terms with the structural changes in capitalist societies in the 1960s and 1970s, particularly the growth of state bureaucracy and state interventionism within the economy, has forced advocates of classical pluralism to review their assumptions and adapt their account accordingly. In virtually all capitalist societies, the growth of corporate power and state bureaucracy has "distorted" the political process. Nordlinger even refers to the ACS as the "distorted liberal state" (Nordlinger, 1981, p. 157). Moreover, the increasing specialization, technical nature, and overwhelming volume of policy issues has encouraged the formation of functionally differentiated "policy communities," e.g., health, social security, energy, defense, education, etc. Within these "policy communities" officials and experts from the responsible state agencies concerned, together with representatives of the most influential or knowledgeable private organized interests, formulate public policy often with only very limited participation by elected politicians.

Health policy in most ACSs is formulated in this manner. In the UK, for instance, Department of Health officials, representatives of the professional medical associations and other major interests (i.e. pharmaceutical companies) jointly determine much health policy. Moreover, in most key policy sectors such consultative machinery or

policy networks are institutionalized through formal or informal committee structures. Japan is a principal example of such institutionalization, since in almost every policy sector government departments have spawned considerable numbers of consultative committees through which the major organized interests and experts are co-opted into the policy formulation process (Eccleston, 1989). This "privileging" of the most powerful organized interests within the policy process limits effective democratic participation, since it excludes the less influential and specifically those critical of the status quo who become relegated to "outsiders." It also reinforces executive domination of the policy process since parliaments or legislatures are substantially bypassed. Accordingly, neo-pluralists paint a picture of the democratic process in most ACSs as one of unequal and restricted group competition in which there exists a "privileging" within the policy process of the more powerful organized interests within civil society. In the case of business and corporate interests, neo-pluralists argue that such "privileging" is a structural necessity rather than a consciously articulated choice made by state managers or politicians. For, as Lindblom acknowledges: "Because public functions in the market system rest in the hands of business, it follows that jobs, prices, production, growth, the standard of living, and the economic security of everyone all rest in their hands. Consequently government officials cannot be indifferent to how well business performs its functions" (Lindblom, 1977, p. 122). The consequence of this is that:

It becomes a major task of government to design and maintain an inducement system for businessmen, to be solicitous of business interests, and to grant them, for its value as an incentive, intimacy of participation in government itself. In all these respects the relation between government and business is unlike the relation between government and any other interest group in society. (Dahl and Lindblom, 1976, p. xxxvii)

Neo-pluralism delivers an account of the ACS that is significantly removed from that of classical pluralism. Power in capitalist societies is argued to be highly concentrated while corporate interests and economic issues dominate the political agenda. The existence of such inequalities in the distribution of power resources and in access to government decision-makers undermines the classical pluralist notion of a highly competitive political process which no single set of interests can systematically dominate. Furthermore, since the state in a capitalist society has to be constantly attentive to the needs of corporate capital, the pluralist fiction of a neutral arbiter between competing interests is replaced with the notion of a "distorted liberal state."

Evidence of a further kind of "distortion" of the liberal democratic state is to be found in the numerous studies of social and political "elites" which some argue exercise extensive power within capitalist society (Mills, 1956). Elite theories stress the natural tendency for power within all social institutions and organizations to become centralized within the hands of a dominant group or *elite*. This is particularly the case in capitalist societies where mass politics, the

centrality of huge organizations in social life, the growth of bureaucracy, reliance upon expertise, etc., encourage the formation of elites. Several recent studies of British and American society point to the domination of key social institutions, such as the military, civil service, church, business, finance, the press, the judiciary, and so on, by elites whose members share similar social backgrounds and often similar political outlooks (Scott, 1991; Domhoff, 1978). In Britain the key elites are remarkable in the degree to which they share common social origins. Corresponding studies of Japanese society suggest equivalent conclusions (Eccleston, 1989). Some elite theorists therefore argue that, because elites tend to be recruited from the same social strata, they function as a socially cohesive political group. Many decades ago, C. Wright Mills argued that American society was ruled by a power elite and this remains a “popularized” explanation of the American political process (Mills, 1956). As Lukes acknowledges, political influence rarely has to be exerted openly but rather operates more “informally” within elite networks. Accordingly, it is their ability to shape the political agenda, so avoiding open confrontation where their interests may be under threat, linked with a societal attachment to consensus decision-making, that enables elites to “control” the political process. But the existence of elites, however defined, does not convincingly demonstrate that the political process is directed or even considerably influenced by their activities. Elitist accounts share in common a view of the ACS as permeated at key levels by dominant social elites such that the state apparatus is perceived as functioning substantially in the interests of a (powerful) minority of its citizens.

If elite theorists point to the existence of a “ruling elite” within ACSs, Marxism, at least its classical brands, points to a “ruling class” (Scott, 1991). This distinction is critical, for within traditional Marxist accounts it is the class nature of capitalist society and the consequent class nature of the state itself that is fundamental to an understanding of power and the state in western societies. A classical Marxist account of the state is to be found in Ralph Miliband’s *The State in Capitalist Society* (Miliband, 1969). Miliband argued that power within capitalist society resides within a fairly cohesive capitalist class. In effect, the state substantially expresses and acts to secure “bourgeois” dominance within capitalist society. This is achieved because, within Britain, the US, France, and other capitalist societies, state managers, those in senior positions in business, the military, the judiciary, and so on are largely recruited from the ranks of the dominant capitalist class. In addition, the “ruling class” can exploit its social networks to gain access to the key decision-making sites within state and civil society. The state is also constrained by the need to ensure continued capital accumulation. Taken together Miliband therefore constructed what is broadly regarded as an “instrumentalist” account – in the sense that the state is conceived of as an instrument of capital – of the ACS (Held, 1987, pp. 207–8).

This account attracted considerable criticism, mostly from within Marxist or *marxisant* circles. Poulantzas argued that an

“instrumentalist” account was insensitive to the structural factors which conditioned state action, namely its need to secure the conditions for the continued reproduction of capitalist society even when the necessary action conflicted with the short-term interests of the capitalist class. For Poulantzas, the ACS often acted “relatively autonomously” of the capitalist class where such action was functional to the long-term stability of the capitalist order. Evidence for this, Poulantzas argued, was to be found in the institutionalization of the welfare state which appeared to conflict with the core interests of the capitalist class. These two polarized positions of “instrumentalism” and “structuralism” have shaped an on-going debate within neo-Marxism on the role of the state in advanced capitalist societies.

Despite their origins in rather different theoretical traditions, the various accounts of the ACS which have been elaborated in the last few pages all share a common preoccupation with the societal constraints on and the social basis of state power. They represent the central core of “society-based approaches” to the ACS. For they consider that the autonomous power of the ACS is severely compromised by its dependence on dominant socio-economic groups for the political and economic resources essential to its continued survival. Whether exaggerated or not, this claim requires critical scrutiny.

4.2 State-centered approaches

When President Truman initiated the Marshall Aid Plan to provide direct financial assistance for the post-war reconstruction of Europe, he did so in the knowledge that powerful corporate, labor, and political elites at home openly opposed the policy.

Despite overwhelming opposition from industrialists, labor unions, and a significant section of its own party, the first Thatcher government in Britain pursued a severely deflationary economic strategy at the peak of an economic recession in which unemployment had reached well over 3 million. Japanese rice farmers faced the 1990s with the gloomy prospect of mass bankruptcies following their government’s decision to liberalize the rice trade – so allowing imports of cheaper US rice to flood the domestic market – even though farmers remain a powerful force within the governing LDP party. What each of these vignettes appears to illustrate is the autonomous power of the state; its ability to articulate and pursue actions and policies which can run counter to the interests of the most dominant or powerful groups (classes) in society.

Nordlinger, in his extensive study of the autonomy of the liberal democratic state, delivers a powerful critique of “society-centered approaches” to the ACS precisely because they “. . . strenuously [deny] the possibility of the state translating its preferences into authoritative actions when opposed by societal actors who control the weightiest political resources” (Nordlinger, 1981, p. 3). Attempts to understand the autonomous power of the state have generated a range of “state-centered approaches” to the study of the ACS.

A very influential strand of theorizing has been that of the “New Right” which, as noted earlier, launched a sustained attack on the

welfare state in the 1980s. Underlying "New Right" accounts of the ACS is an unusual juxtaposition of neo-conservative and neo-liberal political philosophies. The result is an interesting diversity of theoretical interpretations. Yet within this broad "school" there is a shared set of assumptions that the state is not subordinate to societal forces but can and does act quite autonomously. Focusing on the massive post-war expansion of the welfare state in capitalist societies, "New Right" accounts lay stress on the internal political and bureaucratic imperatives of the state rather than on a massive upsurge in societal demand for welfare provision. Governments and politicians are conceived of as having a rational, institutionally based interest in expanding state welfare programs and expenditure since this helps win votes and consolidates their own power-bases. Moreover, competition between parties for political office encourages politicians to "... create unrealizable citizen expectations of what the government can deliver..." (Dunleavy and O'Leary, 1987, p. 102), and so to increase citizen demands upon the state. State bureaucracy also has a rational incentive to expand since this enhances the budgets, career prospects, and bureaucratic power of state managers. Since welfare programs are labor-intensive, there are additional pressures from public-sector unions to sustain or increase spending levels. This suggests the conclusion that: "Under liberal democratic and adversarial political arrangements, and without some sort of constitutional constraint upon the action (and spending) of governments, politicians, bureaucrats and voters acting rationally will tend to generate welfare state policies which are... in the long run unsustainable" (Pierson, 1991, p. 47). As Alber highlights, during the late 1970s and throughout the 1980s, this analysis of the state captured the political imagination of many conservative politicians throughout the industrialized world since it appeared to offer a convincing account of the "crisis of the welfare state." Both in Britain and the US it strongly informed the political agenda of radical conservative administrations which sought to "roll back the state."

Central to "New Right" thinking is a conception of the ACS as a powerful and "despotic" bureaucratic apparatus which has its own institutional momentum. Rather than the highly responsive and responsible state envisaged in pluralism, many "New Right" accounts proffer an image of the ACS as a quasi-autonomous set of governing institutions with enormous resources and administrative power at its disposal.

This portrait of an extremely powerful state apparatus would not be rejected totally by all state theorists. Indeed, throughout the 1970s and 1980s there was a general awareness that, within all capitalist societies, the state had acquired a more directive role with respect to the economy and civil society. This was predicated on studies of the policy-making process which demonstrated a growing tendency towards the "institutionalization" of powerful organized interests – e.g. trade unions, professional associations, employers' organizations, corporate capital – within the state decision-making apparatus (Schmitter, 1974). Since trade unions and business interests could potentially disrupt or undermine state policy, the obvious solution was

to “incorporate” them into the policy-making arena. In the environment of economic crisis which pervaded the 1970s, this appeared a highly effective political strategy for governments to adopt since it provided a formal framework within which the state could attempt to hold together the post-war consensus on “managed capitalism”: a consensus increasingly threatened by rising unemployment and surging inflation. Accordingly, the 1970s witnessed an intensification of this process of incorporation as well as its regularization through formal institutional mechanisms. In Britain, the CBI (Confederation of British Industry – an employer organization) and TUC (Trades Union Congress) participated in many “tripartite” structures while in Sweden and other Scandinavian democracies such forums played a critical role in the formulation of national economic strategy. But in return for institutionalized access to government, so providing these groups with a privileged position in the policy process, the state acquired expanded control over these “private” associations. As a result, rather than limiting its scope for autonomous action such “corporatist” strategies enhanced the autonomous power of the state (Nordlinger, 1981, p. 171). Thus, in the mid-1970s the TUC and CBI found themselves locked into a “social contract” arrangement with the state in which, for few immediate tangible benefits, both agreed to contain national wage demands and price rises respectively. Despite the “social contract” operating against the direct material interests of their own members, each of these associations “policed” its operation on behalf of the state.

“Corporatism” (which describes this process of incorporation) is much more than a state strategy for dealing with the inherent crisis tendencies within advanced capitalist societies. Several writers have suggested that it is a novel institutional form of the ACS – a particular kind of state structure – which is evident to varying degrees in Sweden, Norway, Austria, Finland, and the Netherlands (Schmitter, 1974). Panitch, for instance, considers corporatism as “. . . a political structure within advanced capitalism which integrates organized socio-economic producer groups through a system of representation and co-operative mutual interaction at the leadership level and mobilization and social control at the mass level” (Panitch, 1980, p. 173). Others have pointed to a more limited conception of corporatism as a mode of public policy making, restricted to a delimited set of policy sectors in almost all ACSs. This is often referred to as *sectoral corporatism*. In this regard Japan is particularly interesting since the incorporation of the major organized interests into government is distinguished by its sectoral nature and by the exclusion of labor interests (Eccleston, 1989). While it is no longer as evident in the UK, Schmitter argues that corporatism nonetheless remains a visible feature of the political economy of most European nations (Schmitter, 1989) (see table 7.8).

Corporatist theoreticians accept that although corporatism may no longer reflect the political reality in all capitalist societies, nevertheless where they do exist, corporatist modes or forms of policy making articulate the autonomous power of the state. This is so because:

State officials have the greatest agenda setting capacity . . . since they decide who is to participate in consultations and invariably they chair the relevant committees. Hence their policy influence seems bound to be considerable. Administrative elites in the Scandinavian countries are disproportionately represented on all the commissions and boards and committees engaged in corporatist policy making. If the policy making area is technical and complex, public officials have a decided advantage. . . . Finally if the relevant interests in the corporatist process are conflicting and balanced, then the opportunities for state elites to act autonomously are immensely enhanced.

(Dunleavy and O'Leary, 1987, pp. 195–6)

Table 7.8 A cumulative scale of corporatism

1	Pluralism United States, Canada, Australia, New Zealand
2	Weak corporatism United Kingdom, Italy
3	Medium corporatism Ireland, Belgium, West Germany, Denmark; Finland, Switzerland (borderline case)
4	Strong corporatism Austria, Sweden, Norway, the Netherlands
Not covered by the scale are cases of	
5	"Concertation without labour" Japan, France

Source: Lehbruch, 1984, p. 66

Contemporary neo-Marxist accounts of the ACS share some of the same conceptual terrain with corporatist and "New Right" theorizing. One significant area of overlap is in the primacy given to politics and the corresponding emphasis upon the state as ". . . an actor in its own right pursuing particular interests . . . different from those of societal agents" (Bertramsen et al., 1991, p. 98). There is also a shared recognition that there can be no effective differentiation between the state and civil society. However, what distinguishes recent neo-Marxist accounts is a concentration upon the "capitalist" nature of the contemporary western state. According to such accounts, the state in advanced societies is essentially "capitalist" not because it acts in the interests of a dominant capitalist class, nor because it is constrained to do so by structural forces which prevent the prosecution of alternative anti-capitalist policies. Rather it is a "capitalist state" because, in the process of sustaining and reproducing its own programs, state managers must sustain and create the conditions for private capital accumulation. Since the state itself is heavily dependent on the revenues derived from the taxation of profits and wages to maintain its programs, failure to facilitate capital accumulation is likely to have politically destabilizing consequences (Carnoy, 1984, pp. 133–4). How state managers formulate strategies for encouraging private accumulation, and precisely what policies are followed, remain complex and indeterminate processes

suffused by politics since "... there can be no single, unambiguous reference point for state managers how the state should serve the needs and interests of capital" (Jessop, 1990, p. 357). In this respect the state in advanced capitalist societies is accorded extensive autonomy from capital, yet still remains essentially a "capitalist state." This is underwritten too by the state's need to secure the legitimacy of its actions within the context of a liberal-democratic polity.

Offe points to the apparent contradiction between the state's need to sustain its legitimacy and the need to sustain the conditions for private accumulation. By contradiction Offe is referring to the fact that both are essential to the survival of the state but each can pull it in opposing directions. Since the state's power derives in part from the legitimacy accorded it through the political process, it cannot afford to be perceived as acting with partiality, by systematically privileging corporate capital, without endangering its political support. Yet, to sustain mass support, it requires substantial revenues to finance welfare and other programs. However, revenues derive largely from the taxes on profits and wages so that the state is obliged to assist the process of capital accumulation and thus act partially. As a consequence, the state in advanced capitalist society is caught between the contradictory imperatives of accumulation and legitimation, i.e. between "capitalism" and "democracy." Reconciling this contradiction prides open a political space for the state to formulate and pursue strategies and policies which reflect "... the institutional self-interest of the actors in the state apparatus" (Offe, 1976, p. 6). This "autonomy" is enhanced further by the fact that there are diverse and conflicting interests between different sectors of capital, e.g. industrial, financial, national as against international, etc., and within civil society more generally. Accordingly, the precise strategies and policies adopted by the state to reconcile the conflicting demands of capitalist accumulation and legitimation are a product of political negotiation and the outcome of a rather indeterminate political process within which "... the personnel of the state try to ensure their own jobs and hence ensure the continued existence of the State apparatuses" (Carnoy, 1984, p. 136).

Alber has emphasized the diverse responses among advanced states to the economic crises of the late 1970s and 1980s (Alber, 1988, pp. 451-68). In the UK and the US, this was the era of "Thatcherism" and "Reaganomics" respectively. Both articulated strategies for rejuvenating and restructuring the domestic economy to make it more competitive with new centers of economic power such as Japan and Germany. "Thatcherism," in particular, articulated a break with post-war orthodoxy by pursuing an economic strategy, involving "rolling back the state," encouraging competition, privatization, and reforming the welfare state. This was accompanied by a distinctively "populist" political strategy designed to sustain essential support for and legitimation of these radical policy initiatives. Even so, many "unpopular" policy measures were adopted and implemented against the backdrop of considerable resistance. In other advanced countries, rather different, although equally unpopular and resisted, economic and political strategies were adopted to deal with the crisis. In France, a

socialist government abandoned nationalization and in Sweden the social democratic government jettisoned the long-standing commitment to full employment (Gourevitch, 1986).

Recent scholarship has focused on the critical role of the state in organizing the appropriate political and economic conditions for the successful accumulation of capital. Jessop, in his analysis of the "Thatcher era" in the UK, suggests that the state adopted a highly proactive role throughout the 1980s (Jessop et al., 1988). Rather than simply reacting to the economic crisis, it sought to pursue a determined transformation of the British economy and society through a radical agenda of reform, marketization, industrial restructuring, and economic rationalization. Through the active assertion of an ideological program – "Thatcherism" – the state sought "... the mobilization and reproduction of active consent through the exercise of political, intellectual and moral leadership" (Jessop quoted in Bertramsen et al., 1991, p. 110). This was achieved by the state consciously building, manipulating, and consolidating its own "power-base": a dynamic coalition of quite different social groups and political actors, e.g. the skilled working class, the London financial establishment, "New Right" groups, moral crusaders etc., as well as appealing to more "populist" sentiments within British society (Jessop et al., 1988). In this regard the state is conceived more as a kind of "power broker" constructing and sustaining the political coalitions vital to the success of its strategy for enhancing corporate profitability while simultaneously marginalizing societal resistance to its policies. There exists here a trace of, what some would identify as "Marxist-pluralism."

4.3 State autonomy and state power

This short excursion into theories of the ACS has offered a variety of accounts concerning the functions of the state in advanced capitalist societies (see table 7.9) and the issue of in whose interests the state "rules." But equally it appears it has left us with a nagging question: Which of these two sets of approaches to the ACS – the society-centered or the state-centered – is the more convincing?

Table 7.9 Theoretical accounts of the ACS

	neo-Marxist	Weberian/pluralist
Society-centered	structural and instrumental accounts (Miliband, Poulantzas)	elitist (Mills); neo-pluralism (Lindblom, Dahl)
State-centered	post-Marxist (Offe, Jessop)	(neo-)corporatism (Lehmbruch); New Right (neo-institutionalism)

One way in which these two distinctive approaches can be reconciled is by acknowledging the significant differences between ACSs in terms of the resources (administrative, political, coercive, financial, ideological, knowledge), capacities, and instruments of state power. Mann refers to these resources and capacities as embodying the

“infrastructural power” of the state, by which he means the ability “. . . to penetrate civil society and implement decisions throughout the realm” (Mann, 1988, p. 4). Some ACSs have considerable “infrastructural power” and others relatively less. The greater the infrastructural power of the state, the greater is its influence over civil society. Accordingly, it is possible to differentiate, as do both Krasner and Skocpol, between “strong” states and “weak” states (Krasner, 1978; Skocpol, 1985). A “strong state” is one which is able to implement its decisions against societal resistance and/or can resist societal demands from even the most powerful private groups (Nordlinger, 1981, p. 22). By comparison a “weak state” can do neither of these things “. . . owing to societal resistance and lack of resources” (Bertramsen et al., 1991, p. 99). Studies which have exploited this typology tend to classify ACSs such as Japan and France as “strong states” while the US and Canada are classified as “weak states” (Atkinson and Coleman, 1990).

One logical implication of this typology is the conclusion that state-centered approaches might best explain the power and policies of “strong states,” while society-centered approaches are better at accounting for the actions and policies of “weak states” (Bertramsen et al., 1991, p. 100). Furthermore, the distinction can be utilized to account for the very different styles of policy making which occur in different policy sectors within the same state. Thus, in some policy sectors the state may be considered strong while in other policy sectors it is considered weak (Atkinson and Coleman, 1990). In this case, both society-centered and state-centered approaches provide equally helpful insights into state action (see Goldthorpe, 1984). In addition, the infrastructural power of any state varies over time with the result that states historically can be conceived as becoming stronger or weaker. Recognizing this underlines the relevance of both state-centered and society-centered approaches to the ACS.

It would appear that the notion of choosing between state-centered and society-centered approaches is somewhat spurious. As McLennan observes, “statism,” or state-centered accounts, may be “. . . designed to complement rather than replace society-centredness” (McLennan, 1989, p. 233). The upshot of this is that in attempting to explain the power and actions of the ACS a “modest theoretical eclecticism” has to be embraced even if it is intellectually uncomfortable.

5 Putting the Advanced Capitalist State in its Place

No contemporary analysis of the ACS can afford to ignore the stresses to which it is subject because of its strategic location at the intersection of international and domestic processes. As the earlier discussion has made clear, both the formation and the nature of the ACS can only be properly understood by reference to both endogenous and exogenous forces of social change. Moreover, as patterns of global interconnectedness appear to be intensifying, the distinctions between

the internal and the external, the foreign and the domestic, seem increasingly anachronistic. A moment's reflection on some of the critical social issues which confront the ACS, such as drug abuse or the environment, would confirm that each has a global or transnational dimension. Few issues can now be defined as purely "domestic" or specifically "international." On the contrary, it is more accurate to view states as confronted by "intermestic" problems. However we choose to recognize the erosion of this traditional distinction, the central point is that all ACSs are increasingly subject to globalizing forces which impose powerful constraints on state sovereignty and press heavily upon the everyday lives of their citizens.

5.1 Globalization and the ACS

Globalization "... should be understood as the re-ordering of time and distance in our lives. Our lives, in other words, are increasingly influenced by activities and events happening well away from the social context in which we carry on our day-to-day activities" (Giddens, 1989, p. 520). To talk of globalization is to recognize that there are dynamic processes at work constructing and weaving networks of interaction and interconnectedness across the states and societies which make up the modern world system. Globalization has two distinct dimensions: scope (or stretching) and intensity (or deepening). On the one hand it defines a process or set of processes which embrace most of the globe or which operate worldwide: the concept therefore has a spatial connotation, Politics and other social activities are becoming "stretched" across the globe. On the other hand it also implies an intensification in the levels of interaction, interconnectedness, or interdependence between the states and societies which constitute the world community. Accordingly, alongside the "stretching" goes a "deepening" of the impact of global processes on national and local communities.

Far from being an abstract concept, globalization articulates one of the more familiar features of modern existence. A single moment's reflection on the contents of our own kitchen cabinets or fridges would underline the fact that, simply as passive consumers, we are very much part of a global network of production and exchange.

In his analysis of the welfare state, Alber stresses the significance of global forces – the economic crisis of the 1970s and early 1980s – in stimulating a restructuring of welfare provision within all capitalist societies. A combination of factors made it increasingly difficult for governments, of whatever political persuasion, to sustain the growth in welfare programs which had occurred in the 1960s or to protect workers from the consequences of growing international competition. The kind of "managed capitalism" which had emerged in the post-war period no longer meshed with an increasingly globally integrated economic and financial system. Full employment or extensive welfare provision which require high levels of taxation are difficult to sustain when capital is so readily mobile and foreign competition so intense. Underlying this erosion of "managed capitalism" in the 1980s has been

an acceleration in processes of economic globalization and the consequent break-up of the post-war global order.

As Keohane observed, "the European welfare state was built on foundations provided by American hegemony" (Keohane, 1984, p. 22). "Managed capitalism" did not simply reflect a domestic political settlement but rather was constructed upon the post-war global settlement of a liberal (free trade) world economic order underwritten by US military and economic power. Within this world order, structures of global economic management, such as the International Monetary Fund (IMF) and General Agreement on Tariffs and Trade (GATT), nurtured the economic conditions which helped sustain the rapid post-war growth of western economies and enabled the massive expansion of welfare provision. Both "managed capitalism" and a regulated world economy were mutually reinforcing. However, by the mid-1980s the combined effects of economic recession, the resultant global economic restructuring, the intensification of the financial and economic integration of western economies, and the emergence of new centers of economic power such as Japan and Germany, had seriously undermined the post-war global capitalist order. As the 1990s dawned, the conditions essential to the survival of the welfare state in its conventional form had been transformed:

... the reconstruction of the international political economy has definitively altered the circumstances in which welfare states have to operate. Exposing national economies and national corporatist arrangements to the unregulated world economy has transformed the circumstances under which any government might seek, for example, to pursue a policy of full employment . . .

The deregulation of international markets and of financial institutions, in particular, have tended to weaken the capacities of the interventionist state, to render all economies more open and to make national capital and more especially national labour movements much more subject to the terms and conditions of international competition.

(Pierson, 1991, pp. 177, 188)

For some, this process of "reconstruction" signals an even more profound shift in the nature of global capitalism. Lash and Urry, for instance, argue that organized or "managed capitalism" is giving way to a form of "disorganized capitalism" in which national economies are becoming increasingly beyond the control of national governments, partly as a consequence of the accelerating globalization of production and exchange (Lash and Urry, 1987, p. 308; Offe, 1984). But it is not simply the capacity of the capitalist state to control its own economy that is at issue.

Writing in the early 1970s, Morse pointed to the ways in which the global movement of goods, money, ideas, images, knowledge, technology, etc., challenged the ability of the ACS to govern effectively within its own territory (Morse, 1976). Morse argued that growing international interdependence diminished the effectiveness of national governments and thereby encouraged a corresponding attachment to

international forms of regulation or cooperation. Over the last three decades there has been a startling expansion in levels of international cooperation. Through a myriad of international institutions, such as the IMF, GATT, International Civil Aviation Organization, International Telecommunications Union, Organization of Economic Cooperation and Development etc., informal arrangements such as the G7 group of leading capitalist states, and international networks of key policy makers, advanced capitalist states have created a vast array of *international regimes*: sets of international rules, norms, procedures, modes of decision making and organizations. These embrace those issue-areas in which states have become increasingly interdependent or where transnational activities create common problems. Such regimes seek to regulate high policy domains, such as defense and global finance, as well as welfare policy domains such as the trade in narcotics, environmental issues, and AIDS.

International regimes, in effect, express the growing internationalization of the advanced capitalist state and the internationalization of state elites. Within Europe, this internationalization has culminated in the evolution of the European Community from a common market into a quasi-supranational political structure which can take decisions binding upon member governments. Advanced capitalist states are enmeshed in an extensive array of formal and informal international regimes which make them simultaneously both the determinants and the objects of an expanding field of international regulatory practices. In some domains, the sovereignty of the ACS is severely compromised by its participation in these regimes while in others it is sometimes enhanced. Clearly, ACSs have always operated under external constraints of all kinds. However, it is frequently argued that international cooperation restricts the exercise of state autonomy – the capacity to act independently, within circumscribed parameters, in the articulation and pursuit of domestic and international policy objectives – across a range of policy domains. Yet, in a more interconnected world, international cooperation has become increasingly vital to the achievement of a host of domestic policy objectives. For instance, dealing with drug addiction requires international cooperation to combat the global trade in narcotics, while domestic economic management demands cooperation on interest rates and currency fluctuations. The ACS thus confronts a major dilemma as it attempts to balance effectiveness against a potential loss of autonomy.

For some, such a choice merely reinforces growing evidence of the decline of the nation-state and calls into question its continued viability. However, for now that particular argument is left in abeyance to be explored in part III.

6 The ACS: A Review

This chapter set out to examine three questions:

First, given the diversity of state forms within the advanced capitalist world is it possible to identify common patterns with

respect to the development, characteristics, activities, and functions of the state?

Second, how are we to make sense of the role and actions of the state in governing advanced societies and in whose interests does it "rule"? and

Third, in what ways do international or global forces condition the activities of the modern capitalist state?

In section 2 we adopted a broad comparative approach in order to isolate the common features and diverse forms of the ACS. This analysis was extended further in section 3 through a comparative historical examination of how the twin processes of militarism and capitalism have contributed to the formation of the ACS. In section 4 a rather more synoptic approach was adopted in exploring both society-centered and state-centered accounts of the role and functions of the state in advanced capitalist societies. Finally in section 5 we dealt with the consequences of globalization for the nature of the contemporary ACS and its capacity to ensure the welfare of its citizens.

Throughout this chapter great stress has been placed on the diverse forms as well as the common features of the state in advanced capitalist societies. Tremendous diversity is apparent with respect to institutional structures and welfare regimes. Yet commonalities do exist in so far as these states share broadly similar patterns of development, have acquired comparable roles and functions, and share a common experience in attempting to reconcile the often competing demands of private accumulation with liberal democracy. Moreover, as the chapter has argued, the traditional distinctions and boundaries between the public (the state) and the private (civil society), the civil and the military, and the foreign and the domestic have become increasingly blurred by the forces of modernity. As a result the state in all advanced capitalist societies may be entering a new "era" in which the very architecture of politics itself is experiencing a profound transformation (Cerny, 1990). Making sense of the ACS therefore demands a refreshing theoretical eclecticism in which the dynamic interplay between capitalism and militarism, as well as between national and international processes and conditions, is explicitly acknowledged (Giddens, 1985; 1990).

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