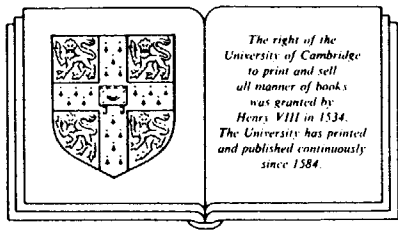


Capitalism and social democracy

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4. Material Bases of Consent

Introduction

Marx thought that capitalist democracy is an inherently unstable form of organization of society. It could not last. Writing in 1851, he expressed the belief that capitalist democracy is "only the political form of revolution of bourgeois society and not its conservative form of life". (1934: 18) Twenty years later he still viewed democratic organization of capitalist societies as "only a spasmodic, exceptional state of things . . . impossible as the normal form of society". (1971: 198)

This inherent instability resulted, in Marx's view, from the fact that the combination of private ownership of means of production with political democracy generates a basic contradiction:

The classes whose social slavery the constitution is to perpetuate, proletariat, peasantry, petty bourgeoisie, it puts in possession of political power through universal suffrage. And from the class whose old social power it sanctions, the bourgeoisie, it withdraws the political guarantees of this power. It forces the political rule of the bourgeoisie into democratic conditions, which at every moment help the hostile classes to victory and jeopardize the very foundation of bourgeois society. From the ones it demands that they should not go forward from political to social emancipation: from the others that they should not go back from social to political restoration. (1952a: 62)

Underlying this theory was the assumption of the fundamental political importance of the objective conflict of material interests. Objective interests in satisfying material needs in the short run – the interest of wage-earners in wages and of capitalists in profit – place the two classes of individuals, "classes-in-themselves," in a situation of objective conflict. The objective conflict of interests is, for Marx, due to the "general law which determines the rise and fall of wages and profit in their reciprocal relation." According to this law, wages and profit "stand in inverse ratio to each other. Capital's share, profit, rises in the same proportion as labour's share, wages, falls and vice versa." Moreover, Marx thought that no improvement of the material conditions of workers would mitigate this conflict:

Even the most favourable situation for the working class, the most rapid possible growth of capital, however much it may improve the material existence of the worker, does not remove the antagonism between his interests and the interests of the bourgeoisie. Profit and wages remain as before in inverse proportions. (1952b: 35, 37)

This argument is based on a tautology: since wages and profits are considered as shares of the value added by living labor (i.e. conflict is always at the margin), no absolute improvement is sufficient to moderate the conflict over distribution. Capitalism is thus a zero-sum system by definition, and no material improvement can have legitimizing effects.

Since the distributional conflict is for Marx irreconcilable, the barriers to the realization of short-term interests are systemic: only when capitalism is abolished can short-term material interests of wage-earners be realized. Hence, the long-term (political) interest in socialism is a direct consequence of the objective conflict of short-term (economic) interests under capitalism. This conflict is the basis of class organization; this conflict becomes pronounced politically during economic crises, and is finally expressed in revolutionary upheavals.

Three central conclusions, all false, follow from these analyses of Marx. First, conflicts over material interests in the short run inevitably lead to conflicts between classes over the form of organization of society. Second, since democracy (universal suffrage more exactly) "unchains class struggle," capitalism can be maintained only by force. Finally, the road to socialism leads through and is an immediate result of economic crises of capitalism.

The historical experience of several societies shows that capitalism can survive for extended periods of time under democratic conditions, even in the face of acute and prolonged economic crises. Contrary to repeated predictions, in several societies universal suffrage has not become an instrument for abolishing capitalism and did not force the bourgeoisie to seek protection under an autonomous dictatorship. Capitalist relations of production can be perpetuated under democratic conditions; exploitation can be maintained with the consent of the exploited.

These observations constituted Gramsci's point of departure.¹ His central problem concerned the strategy of the revolutionary movement under the conditions in which prospects for a transition to socialism through a revolutionary insurrection are absent.² He rejected the notion that the

¹ All references to Gramsci, unless otherwise noted, are to the writings collected in *Prison Notebooks* (1971).

² See the commentary by Hoare and Smith to the 1971 edition of the *Prison Notebooks* and the beautiful biography by Fiori (1973). Since the Gramsci bibliography is already large enough to fill an entire library, nothing is any longer noncontroversial. Nevertheless, there seems to exist some consensus around the following account of the origins of Gramsci's thought: Lenin, in Gramsci's view, led a successful revolution without understanding why it would have occurred. This revolution was one "against Marx's *Capital*": its

revolution is permanent or that its possibility is universal. Faced with the resilience of capitalism, in the aftermath of a series of defeats, he asked the crucial question which must precede any choice of strategy, any political practice, namely, how does capitalism persist? Marxism may be a theory of revolution, as Lukacs once thought,³ but only on the condition that this theory comprehends an analysis of the system against which and hence within which it is a revolution. A theory of revolution calls for a theory of capitalism.

This theory must account, in Gramsci's view, for the fact that capitalism survives economic crises, that it becomes "entrenched" against the effects of exploitation, that it reduces conflicts to those played by the rules of capitalist institutions, and finally, that it enjoys "active consent" of the exploited. Gramsci's answers emphasized the function of ideology in maintaining what he called the "hegemony" of the dominant classes. Indeed, we are told at times that Gramsci is the marxist theoretician of "the superstructures," of "cultural domination," of "ideological hegemony."⁴ Anderson goes as far as to maintain that "in analysing the contemporary social formations of the West, we can substitute . . . 'culture' or 'ideology' for his 'political struggle' – as the mode of class rule secured by consent." (1977: 42) Since, as Marx said, the means of production owned by the bourgeoisie include the means of production and propagation of ideas, cultural domination can be directly deduced from the economic structure. In the light of these cultural interpretations, capitalism persists because of ideological or cultural domination, and this domination is due to the monopoly of the bourgeoisie over the "ideological apparatuses." (Althusser, 1971) Consent to capitalist relations is a mass delusion, a hoax.

Such interpretations render Gramsci's thought intellectually trivial and politically misdirected. Moreover, they are not sustained by the texts. Gramsci insisted that hegemony must rest on material bases. Objective conditions (which, by the way, "can be measured with the systems of the exact or physical sciences") (Gramsci, 1971: 180) provide a basis for the establishment of hegemony. "The level of development of the material forces of production

possibility could not be found in prior marxist theory, particularly as it became interpreted within the Second International. Hence the question was what theoretical bases are needed to establish the possibility of the Bolshevik Revolution. Nevertheless, Gramsci's times were different than those of Lenin: in the "West" a surprise insurrection could not be successful. Hence the theory must find a new road to socialism. See Canbareri (1973) and particularly Paggi (1977).

³ Lukacs actually opened his *Notes on Lenin* with the assertion that "historical materialism is the theory of the proletarian revolution," an assertion which he was to describe forty-four years later as one which "demonstrates the prejudices of the time" (1971: 9, 90).

⁴ See in particular Bobbio (1967: 97), according to whom Gramsci introduced into marxism two "inversions" of which "the first consists of giving the superstructure a privileged place over the base, the second of giving the ideological moment a privileged place over the institutional one within the superstructure." Other similar interpretations are reviewed by Piccone (1977) in the context of their role in contemporary Italian politics. A good critique of these interpretations is given by Texier (1968).

provides a basis for the emergence of the various social classes, each of which represents a function and has a specific position within production itself" (Ibid.: 18). Repeatedly, Gramsci emphasized that hegemony can be organized only if specific objective conditions are present:

It may be deduced that the content of the political hegemony of the new social group which has founded the new type of state be predominantly of an economic order: what is involved is the reorganization of the structure and the real relations between men on the one hand and the world of the economy or production on the other. (Ibid.: 263, 133)

Gramsci was not a determinist: the objective conditions, he thought, are necessary if hegemony is to be established, but they are by no means sufficient. Objective conditions may be present and yet hegemony may not be established because of autonomously political or ideological reasons, as in the case of the Italian bourgeoisie. Yet the objective economic basis is necessary not only to establish hegemony; it is necessary to maintain it continually, "for though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity." (Ibid.: 161)

Hegemony, or more precisely consent to exploitation, can be maintained if the ideology in terms of which "men become conscious of social relations" makes their daily experience intelligible to the masses of people. Interests of the dominant groups must be "concretely coordinated" with those of the subordinate groups (Ibid.: 182). No ideology, marxism included, can perform its function of coordinating individual wills unless it is validated continually by daily life, by what Althusser (1971) calls "the lived experience." If an ideology is to orient people in their daily lives, it must express their interests and aspirations (Gramsci, 1971: 105). A few individuals can be mistaken, but delusions cannot be perpetuated on a mass scale (Ibid.: 327). Ideological hegemony can be maintained only if it rests on a material basis.

The question, thus, is under what material conditions can hegemony be organized and maintained? If hegemony must always be "real," if the ideology that expresses this hegemony must correspond to real interests and aspirations, then some material conditions must be present. In fact, Gramsci paid scant attention to these material conditions of hegemony. They can be reconstructed only if we proceed deductively by searching for the assumptions upon which any analysis of hegemony must be based.

Capitalism, Hegemony, and Democracy

A hegemonic system is, for Gramsci, a capitalist society in which capitalists exploit with consent of the exploited. Consent does not imply an absence of

force: for Gramsci physical force, which is permanently organized, always underlies consent. Yet a hegemonic system is one in which this force is not manifest precisely because its utilization is rarely necessary to maintain the capitalist organization of society.

Gramsci's description of the hegemonic system is summarized in two passages which are cited here at length because they will guide much of the subsequent analysis:

Undoubtedly, the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that a certain compromise equilibrium should be formed – in other words, that the leading group should make sacrifices of an economic-corporate kind. But there is also no doubt that such sacrifices and such a compromise cannot touch the essential; for though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity.

The development and expansion of the particular group are conceived of, and presented, as being the motor force of a universal expansion, of a development of all the 'national' energies. In other words, the dominant group is coordinated concretely with the general interests of the subordinate groups, and the life of the State is conceived of as a continuous process of formation and superseding of unstable equilibria (on the juridical plane) between the interests of the fundamental group and those of the subordinate groups – equilibria in which the interests of the dominant group prevail, but only up to a certain point, i.e., stopping short of narrowly corporate economic interest. (1971: 161, 182)

Hegemony must thus be economic in the sense that it can be maintained only by a group that occupies a definite place within the system of production: "the decisive function" in the "decisive nucleus." Hegemony implies that the interest of this group is "correctly coordinated" with the interests of groups over which hegemony is exercised: concrete coordination means here that interests of the "subordinate" groups are to some extent realized. The mechanism by which these groups realize their interests is not completely clear: in the first passage, and in many other places, the reference is to "sacrifices," "compromises," and "concessions" which are made by the bourgeoisie, while the second passage implies that politics ("the life of the State") is organized in such a manner that groups struggle for the realization of their interests within the established institutions ("on the juridical plane"). Finally, hegemony can be maintained only if compromise outcomes can be found within well-defined limits: profits cannot fall below the level which is "essential" for accumulation, yet they cannot be so large as to make capitalists appear to be defending particularistic ("narrowly corporate economic") interest.

In what sense does the capitalist system of production provide the economic foundations for the hegemony of the capitalist class or a segment thereof? Capitalism is a form of social organization in which the entire society is dependent upon actions of capitalists. The sources of this dependence are twofold. First, capitalism is a system in which production is oriented toward the satisfaction of needs of others, toward exchange, which implies that in this system the immediate producers cannot survive on their own. Second, capitalism is a system in which part of the total societal product is withheld from immediate producers in the form of profit which accrues to owners of the means of production. Those who do not own the means of production must sell their capacity to produce to a capitalist, although they are free to choose the capitalist. They obtain a wage, which is not a title to any part of the product which they generate, but a medium for acquisition of any goods and services. They must produce a profit as a condition of their continued employment.

The product is appropriated privately in the sense that wage-earners qua immediate producers have no institutional claim to its allocation. Capitalists, who are profit-takers, decide under multiple constraints how to allocate the product, in particular what part of the profit to invest, where, how, and when. These allocations are constrained by the fact that capitalists (persons and firms) compete with each other and that this competition is regulated at the level of the capital as a whole.

It is a technical fact of any economic system that development cannot take place in the long run unless a part of the product is withheld from immediate consumption and allocated to increase productivity.⁵ What distinguishes a system as a capitalist one is that the part withheld from current consumption is derived to a great measure from the part withheld from the immediate producers and is allocated to uses on the basis of the preferences of private capital.⁶ As Morishima (1973: 621) put it, "three propositions (i) that capitalists exploit workers . . . (ii) that the capitalist system is profitable . . . and (iii) that the capitalist system is productive are all equivalent." While in any economic system (re)investment is necessary for continued production, employment, and consumption, in a capitalist system profit is a necessary condition for

investment. If capitalists do not appropriate profit, if they do not exploit, production falls, consumption decreases, and no other group can satisfy its material interests. Current realization of material interests of capitalists is a necessary condition for the future realization of material interests of any group under capitalism.

This organization of the capitalist system of production provides the basis for the organization of ideological and political hegemony of the capitalist class or some fractions of it. Under capitalist organization of production, capitalists appear as bearers of universal interests. Demands of any group to improve its present life conditions are inimical to the future interests of the entire society, and this trade-off between the present and the future is institutionalized as the conflict between wages and profit. Moreover, since capital is a necessary condition of production, profits appear as reward of capital, without any further obligation concerning future distribution.⁷ Finally, since the authority to organize the process of production rests with the legal title to the means of production, relations of authority associated with the division of labor appear as a technical necessity of any production.⁸

The conflict between current wages and current profit constitutes under capitalism not only a societal trade-off between the present and the future, not only a choice between consumption and investment, but even a trade-off between present and future wages. If wages are to increase in the future, a part of the societal product and the associated authority to organize production must pass out of the control of immediate producers. Capitalists are thus in a unique position in a capitalist system: they represent future universal interests while interests of all other groups appear as particularistic and hence inimical to future developments. The entire society is structurally dependent upon actions of capitalists.

Yet at the same time the realization of interests of capitalists is not a sufficient condition for the satisfaction of future interests of anyone else. Wage commitment is made now and for a specified duration (whether wages are paid *ex ante* or *ex post*), production takes place now, and profit is now appropriated by capitalists. Profit may be transformed into future increases of the societal product but, under certain constraints, it may also be consumed by capitalists, invested unproductively, or exported elsewhere. Moreover, even if profit is efficiently allocated to increase productivity, no particular group is assured under capitalism to benefit from the past exploitation. There is nothing structural about the capitalist system of production that would guarantee that

⁵ Investment is not the only source of increased output. Learning may lead to a better organization of production without any additional investment (Arrow, 1962). The under-utilized capacity can be activated. For a discussion of this issue which nevertheless concludes by emphasizing the essential importance of investment see Maddison's (1964) account of the economic development in the West after World War II.

⁶ This assertion raises the question whether in a capitalist system saving and investment, even if still directed by capitalists and their delegates, cannot take place mainly out of wages. This question has been a subject of heated theoretical and empirical controversies, since many standard neo-Keynesian results depend upon the assumption that the rate of savings out of profit is higher than that out of wages. See Harcourt (1972: ch. 5) for a review of this controversy and Kaldor (1970) for the demonstration that the rate of savings out of wages is actually negligible, if not negative.

⁷ For an analysis of the ideological function of the very concept of capital see Nuti (1972).

⁸ Gramsci: "For the individual workers, the junction between the requirements of technical development and the interests of the ruling class is 'objective'". (1971: 202)

future interests of any particular group be satisfied. *Appropriation of profit by capitalists is a necessary but not a sufficient condition for the future realization of interests of any group.*

Yet hegemony presupposes, Gramsci says, that interests of some groups other than the dominant one be to some degree satisfied. And if interests of the bourgeoisie are to be “concretely coordinated” with the interests of other classes or their fractions, then some mechanisms must be organized through which these interests can find some realization. “Concessions” could constitute one such mechanism, if the bourgeoisie could indeed decide as a unified actor what degree of compromise is necessary for hegemony and if it could impose the self-discipline upon the individual capitalists. An autonomous dictatorship could also force the capitalists into such concessions. Concessions or sacrifices are indeed the terms that Gramsci used in such contexts. Nevertheless, in most Western countries, it is democracy which constitutes this mechanism.

Hegemony becomes organized as institutional conditions which permit those whose labor is extracted at any moment in the social form of profit to struggle in some particular ways for the distribution of the product, the increase of which was made possible by this profit. Specifically, hegemony becomes constituted when struggles over the realization of material interests become institutionalized in a manner rendering their outcomes to some extent indeterminate with regard to positions which groups occupy within the system of production. It is this kind of organization of social relations which constitutes “democracy.” Capitalist democracy is a particular form of organization of political relations in which outcomes of conflicts are within limits uncertain, and in particular, in which these outcomes are not uniquely determined by class positions.

In a democracy conflicts have outcomes, since democracy is a system by which they can be terminated (Coser, 1959). Particular institutions, such as elections, collective bargaining, or the courts, constitute mechanisms for terminating, even if at times only temporarily, whatever intergroup conflicts emerge in a society. In the absence of collective bargaining arrangements, strikes are terminated only when one of the parties can no longer afford to continue the conflict. In the absence of elections, competition among elites assumes the form of “power struggles” which may last for an indefinite duration. Moreover, in the absence of such institutions, conflicts which are important to group interests often become terminated only after a physical confrontation. Democracy allows such conflicts to be terminated in a previously specified manner, according to explicit criteria, and often within a specified time. Physical force, although permanently organized, is reserved to those instances when a party to conflicts does not observe the rules or accept the outcome.

Like any system, democracy constitutes a relation between actions of particular groups and the effect of these actions upon them. Conflicts are organized: their outcomes are related to the particular combinations of strategies pursued by various groups. Wildcat strikes confronted with repression result in a different outcome than those to which the response is to accept the wage demands and limit employment. The outcomes are different when strikes concern the very right to organize than when they concern wage demands.

Some courses of action are excluded as admissible strategies. They are excluded in the sense that physical force can be used legitimately if any group reverts to them. Such uses of force are regulated by norms which specify *ex ante* and universalistically the contingencies in which it can be applied. They are considered legitimate in a particular system if they are limited to the contingencies specified by norms established as outcomes of prior conflicts. Legitimacy thus refers here not to any states of mind of the executors or the victims of repression, but merely to the correspondence between the uses of force and the rules which specify when it can and should be used. Nevertheless, since physical force is organized permanently in anticipation of such contingencies, the potential that this force will become autonomous is inherent in a democratic system.

The exclusion of some courses of action is inherent in any institutionalization of conflicts. When collective bargains acquire the status of contracts, some strikes become illegal and as such subject to the potential use of force. Where elections become organized, all other methods of choosing political leaders become “anti-parliamentary.” To cite Gramsci: “It is not true that armies are constitutionally barred from making politics: the army’s duty is precisely to defend the constitution – in other words the legal form of the State together with its related institutions.” (1971: 212) At the same time, however, democracy cannot be organized in such a manner that strategies are predetermined for each participant. Some freedom of choice – that is, more than one course of action – must be available to any participant.

There is no reason to suppose that the ordering of outcomes upon a configuration of strategies is so strong that each combination uniquely determines the outcome. Conversely, the same outcomes may be associated with multiple configurations of strategies. Some regularity must exist, however, if strategies are to affect outcomes. Democracy cannot be organized in such a manner that all combinations of strategies lead to one and only one outcome, which would render outcomes completely predetermined and independent of the courses of action pursued by participants.

Outcomes of conflicts are thus to some extent indeterminate because each

participant has a choice of strategy and all strategies do not lead to the same outcome. Specifically, these outcomes are uncertain. Since any organization of conflicts constitutes an ordering of outcomes upon actions, associated with each set of institutions must be also a distribution of the probability that conflicts will result in particular outcomes. Hence any system attaches prior probabilities to the realization of interests of particular groups. Electoral arrangements, judicial systems, collective bargaining mechanisms, mass media, even the system of university admissions or the regulation of land use – all constitute distributions of prior probabilities of the realization of group specific interests. Democracy thus constitutes an organization of political power in the sense of Poulantzas (1973: 104–14): as a system it determines the capacity of groups to realize their specific interests.

Hence, while the likelihood that interests of a particular group be satisfied to a given extent and in a particular manner is given a priori, outcomes of conflicts are not determined uniquely by places occupied by participants within the system of production. These outcomes are to some extent uncertain. Given a distribution of economic, ideological, and organizational resources, the manner in which conflicts are organized determines which interests are likely to be satisfied, which are unlikely to be satisfied, and, importantly, the variety of interests that are at all likely to be satisfied. The range of the likely outcomes is what characterizes a system as a democracy.

In a democracy, therefore, no group is ever certain that its interests will be realized. As a Chilean newspaper put it in the aftermath of Allende's election to the presidency, "Nobody expected that a marxist president would be elected by means of a secret, universal bourgeois franchise" (*El Mercurio*, October 17, 1970). All must struggle continually. Their chances are uneven, but they are neither predetermined nor immutable. Democracy condemns all groups to political impotence, since none is able to guarantee its interests once and for all. Before its outcomes all have to bow. Democracy generates outcomes which seem contradictory: once in favor of one group, once in favor of another. It strengthens the causes of the economic power of capitalists while it continually counteracts the political effects of this power. It stands above the society, not with a sword, but with probabilistically distributed opportunity.

These last few sentences paraphrase what Marx had to say about the Bonapartist dictatorship. Marx, who thought that capitalist democracy could not last, saw dictatorship as the only form of capitalist state in which capitalists could pursue their private interests while being politically protected from themselves and from other classes. But where democracy has lasted, it has become a relatively autonomous form of capitalist state: autonomous, that is, up

to the probability distribution that constitutes the power of groups located within the system of production. Democracy is the modern Bonaparte.⁹

The indeterminacy inherent in a democratic system constitutes for all the opportunity to realize some of their material interests. Democracy is a social mechanism by which anyone as a citizen can express claims to goods and services which have expanded because a part of the societal product was withheld in the past from the immediate producers. While as immediate producers, wage-earners have no institutional claim to the product, as citizens they can process such claims through the democratic system. Moreover, again as citizens as distinguished from immediate producers, they can intervene in the very organization of production and allocation of profit.

This opportunity is limited but nonetheless real. It is the opportunity to influence the rate of accumulation, to mitigate the operation of the market, to escape the competition for wages, to compensate the effects of increased productivity upon employment, to equalize individual access to some services, to gain some security for old age. And even if this opportunity is limited, it is the only one that is organized, the only one that is available collectively.

It is the uncertainty that draws various groups into democratic institutions. Since outcomes of conflicts are within limits indeterminate, participation becomes an instrument for the collective realization of interests. To participate is to act as if particular courses of action had an impact upon the realization of one's interests. Uncertainty is thus a necessary condition of participation. If outcomes were predetermined, either by the distribution of economic resources or by corporatist arrangements or anything else, there would be no reason for any group to organize and to remain organized as a participant. Neither would there be any reason to participate if outcomes of conflicts were completely indeterminate, that is, if they bore no relation to the courses of action pursued by participants.¹⁰

At the same time, participation is oriented toward the realization of material interests within the confines of capitalism. In a society in which withholding from current consumption is not a sufficient condition for the improvement of material conditions of any particular group, the opportunity inherent in democracy focuses political activities on material issues.

Conflicts over material interests are not confined to struggles over

⁹ Hence Poulantzas (1973) is right when he maintains that the state is under capitalism relatively autonomous with regard to classes, but he erroneously attributes to Marx the general character of this autonomy. For Marx the capitalist state had to be dictatorial to be autonomous.

¹⁰ Hence if it is indeed true that Mexicans participate in politics less actively than Americans (Almond and Verba, 1965), it may only indicate that the policies of the state are in Mexico less dependent upon participation. Participation is not an expression of culture but of instrumentality.

distribution. Since the capacity of any group to satisfy material needs in the future depends fundamentally upon decisions of capitalists concerning the volume and the direction of investment, democracy is a system through which these decisions can be influenced by anyone qua citizen. Since the probability that interests of a particular group will be realized to some extent depends upon the manner in which conflicts are organized, conflicts over material interests must extend to the very organization of politics.¹¹ Hence while in a capitalist democracy politics is indeed the matter of “who gets what, when, and how” (Lasswell, 1936) or a process of establishing the priority of claims to the national product (Bottomore, 1966: 92), conflicts concern as well the direction of production and the organization of politics.

The reduction of politics to material interests is inherent in capitalist democracy. Material needs must be obviously pressing if their satisfaction generates conflicts. But the reason for this reduction is structural: it is the very uncertainty whether material conditions would improve in the future that leads to the search for the immediate security. If profits were a sufficient condition for a future improvement of material life, any group could engage in the kind of relatively certain trade-offs that are available to rentier capitalists: it could choose between investing a portion of its income for five years at 6 percent, ten years at 8 percent, etc. Any individual or group could assume with certainty that their material conditions would improve at a definite time and to a definite degree. Indeed, the purpose of various “social pacts,” principally those that tie increases of wages to increases in productivity, is to create this kind of certainty while maintaining profit as the form in which withholding from current consumption is organized.

Yet such social pacts cannot last unless they are coercively enforced because capitalist democracy places any group in the situation of a prisoner’s dilemma. It is advantageous for any group to have the security of advancing its interests at the present and only then to participate with others in the uncertain future. Any group is best off in this system if it obtains a wage increase and if other groups pay for the increases of productivity, since in this way it maximizes both its current income and the probability of increasing it in the future. Hence each group enters into politics attempting to maximize its own current consumption and the aggregate volume of investment. But someone must pay for the costs of accumulation. Satisfaction of material interests can thus neither be postponed nor delegated to others since democracy offers only the opportunity but no

guarantees. As long as material needs are present, political conflicts focus on material issues.

Capitalist democracy is thus a system in which the dependence upon privately appropriated profit as the form in which a part of product is withheld from current consumption is the basis for somewhat indeterminate conflicts over the realization of material interests. Capitalist democracy at the same time structures political activities as political participation and reduces political conflicts to short-term material issues. It simultaneously generates conflicts over material issues and reduces conflicts to such issues. As Bonomi (1975: 993) points out, the price of hegemony is that certain conflicts must be tolerated, but at the same time the effect of hegemony is that only certain conflicts become organized. In this sense democracy provides the “trenches”:

The massive structures of the modern democracies, both as State organizations, and as complexes of associations in civil society, constitute for the art of politics as it were “trenches” and the permanent fortifications of the front in the war position: they render merely “partial” the element of movement which used to be “the whole” of war, etc. (Gramsci, 1971: 243)

Reproduction of Consent of Wage-Earners

In a capitalist society, the realization of interests of capitalists is a necessary but not a sufficient condition for the realization of interests of any other group. This objective correlation between the organization of a society as a capitalist system and the interests of capitalists opens the possibility for establishing a hegemonic system in which the capitalist class becomes perceived as embodying universal interests and in which political conflicts become structured as conflicts concerning the realization of material interests within the confines of capitalism. Organized as a capitalist democracy, this hegemony system constitutes a form of class compromise in the sense that in this system neither the aggregate of interests of individual capitals nor the interests of organized wage-earners can be violated beyond specific limits.

This compromise can be reproduced only on the condition that wage-earners “consent” to the capitalist organization of society. The term “consent” is used to avoid the mentalistic connotations often associated with the concept of legitimacy. *The consent which underlies reproduction of capitalist relations does not consist of individual states of mind but of behavioral characteristics of organizations. It should be understood not in psychological or moral terms. Consent is cognitive*

¹¹ As Kautsky (1971: 186) wrote in his commentary on the Erfurt Programme. “The economic struggle demands political rights and these will not fall from heaven. To secure and maintain them, the most vigorous political action is necessary.”

and *behavioral*.¹² Social actors, individual and collective, do not march around filled with “predispositions” which they simply execute. Social relations constitute structures of choices within which people perceive, evaluate, and act. *They consent when they choose particular courses of action and when they follow these choices in their practice.* Wage-earners consent to capitalist organization of society when they act as if they could improve their material conditions within the confines of capitalism. More specifically, they consent when they act collectively as if capitalism were a positive-sum game, that is, when they cooperate with capitalists as they choose their strategies.¹³

Gramsci asserts that consent becomes reproduced on the condition that the hegemonic system, which is based on the private ownership of the means of production, yields outcomes that to some degree satisfy short-term material interests of various groups. Thus, in this view *the reproduction of a particular form of social relations is conditional upon the outcomes of conflicts organized within these social relations.* This is theoretically a radical answer. Its far-reaching implications become apparent when this view is contrasted with those theories which attribute the particular form of social arrangements, whether the market or democracy, to some kind of a mysterious prior agreement, contract, or consensus about these forms of organization.¹⁴ No prior consensus is necessary for Gramsci. Only the a-posteriori consent lies at the foundation of the capitalist social order. This consent is socially organized: the entire edifice of social and political organizations becomes erected to generate it. Yet this consent cannot be maintained interminably unless it corresponds to the real interests of those consenting. Legality, in Gramsci’s view, is not a sufficient condition of consent.¹⁵ Even if legitimacy constitutes a “generalized readiness . . . to accept decisions of still undetermined content” (Luhmann, 1975: 28), this readiness must be continually reinforced by the content. *“Legitimacy” is just a suspension of withdrawal of consent.* It merely provides a time horizon beyond which this consent, regardless how thoroughly it is organized, will no longer be granted if it does not find real corollaries in material interests.

Consent to the existing social relations is thus always tentative. The “end of ideology” is never possible: no social order is given once and for all. The consent to capitalism is permanently conditional: there exist material limits beyond which it will not be granted, and beyond these limits there may be crises.

¹² Gramsci: “The thesis which asserts that men become conscious of fundamental conflicts on the level of ideology is not psychological or moralistic in character, but structural and epistemological. . . .” (1971: 164, 365)

¹³ “Cooperation” consists of making strategies and threats known to the opponent in the course of negotiations. See Luce and Raiffa (1958: ch. 6).

¹⁴ See Godelier (1972) for a devastating critique of social contract theories.

¹⁵ For a summary of a German discussion about the relation between legality and legitimacy see Habermas (1975: Part 111, ch. 1).

Reproduction of consent of wage earners requires that their material interests be to some extent satisfied within the capitalist society. Wage-earners view capitalism as a system in which they can improve their material conditions: they organize as participants and act as if capitalism were a positive-sum system when they benefit at a particular time from the fact that a part of societal product was previously withheld from current consumption in the form of profit. Capitalists retain the capacity to withhold a part of the societal product because the profits they appropriate are expected to be saved, invested, transformed into productive potential and partly distributed as gains to other groups.

These clearly are not “savings” in the sense in which economists use this term when workers loan some of their wages to capitalists as bank deposits. When workers save out of wages, they decide whether to do so and they know a priori at least the nominal rate of return. When, on the other hand, wage-earners consent to a capitalist system, they neither decide whether some of the product will be withheld from them, nor do they decide how much, nor are they in any way assured of some set rate of transformation of present profits into future wages.

Criticizing a model of economic growth developed by Kaldor (1970), Pasinetti observed that there is a logical slip in the model since workers save – in the economist’s sense – but do not obtain any return on their investment. Pasinetti continues:

And since ownership entitles the owner to a rate of interest, if workers have saved – and thus own a part of the stock of capital (directly or through loans to capitalists) – then they will also receive a share of total profits. . . . By attributing all profits to the capitalists it [Kaldor’s theory] has inadvertently but necessarily implied that workers’ savings are always totally transferred as a gift to the capitalists. Clearly this is an absurdity. (Pasinetti, 1970: 96)

But why stop there? Is it not an absurdity that wage-earners would obtain less than the product without expecting that profits will be eventually transformed into an improvement of their material conditions? Is it not an absurdity that they would consent to capitalist relations, that they would not use their political rights for “social emancipation” if there did not exist a real possibility for realizing their material interests in some foreseeable future? But if it is true that reproduction of consent requires that profits be transformed in the course of time into improvements of material conditions of wage-earners, then given the past history of profits *there must exist at any time a level of wage increases which is minimally necessary to reproduce consent.* This level is not given uniquely by the past history of profits since it depends upon the economic militancy of wage-earners’ organizations. Nevertheless, a minimal level of realization of material

interests is necessary to reproduce consent, and this level is a function of past profits.

This minimal level can be thought of in the following manner. Let $P(t-v)$, $v = 0, 1, 2 \dots, t$, represent the history of profits appropriated by capitalists during the successive periods of time in the past. Let r indicate the economic militancy of organized wage-earners; specifically, let it show what proportion of current profits must be transformed into wage increases if consent is to be reproduced. Then the increase of wages between the time t and the time $(t + 1)$ must be at least $\Delta W(t)$ if consent is to be reproduced. In a simple case it may be true that:

$$\Delta \hat{W}(t) = rP(t), \quad r > 0; \quad t = 0, 1, 2 \dots \quad (1)$$

Given the definition of the difference, Δ , the level of wages necessary to reproduce consent at time t is given by

$$\hat{W}(t) = W(t-1) + rP(t-1). \quad (2)$$

This rule asserts that if consent is to be reproduced, wages must equal at least a given proportion of past profits, where this proportion depends upon economic militancy of wage-earners' organizations.

What this rule describes are the a-posteriori material conditions of consent, i.e. the manner in which wage-earners react to wages that they already have obtained. Specifically, the quantity $\hat{W}(t)$ is supposed to represent the level of satisfaction of material interests of wage-earners below which their consent to the capitalist system breaks down. Conversely, as long as wages exceed this level, consent can be reproduced.

Accumulation and Legitimation

Hegemony consists of exploitation with consent. This consent is not manufactured artificially. Consent must be based on a material basis: if wage-earners are to act as if capitalism were a positive-sum system, their material conditions must be improving as a consequence of past exploitation. Hence material interests of wage-earners must be realized at each time to some definite extent if hegemony is to be maintained.

Legitimation constitutes, therefore, a perpetual constraint upon accumulation in hegemonic capitalist societies. The question to be examined is under what conditions reproduction of consent must necessarily result in crises of accumulation.

As is well known, Marx thought that the rate of profit and hence the rate of

capitalist accumulation must tendentially fall in the course of capitalist development even when wages remain at, albeit historically determined, subsistence levels. Marx's argument had nothing to do with distribution between capitalists and workers (although it relied on the distribution of surplus value as profit among capitalists) precisely because it was based on the assumption of endogenously determined wage levels. Yet regardless of the validity of Marx's argument concerning the rate of profit, there is today sufficient evidence that wage levels are not determined endogenously by the system of production alone and, actually, that wages have grown more during the past one hundred years than any nontautological definition of a changing subsistence would allow.

Hence the question to be examined is whether the rate of profit (and of accumulation) must fall if wages are formed at the consent-reproducing, rather than the subsistence, level. More specifically, we will inquire whether the rate of profit must fall because of the requirements of legitimation, even when it does not fall for reasons immanent to capitalist organization of production. Conversely, the problem is whether consent can be reproduced in a capitalist society in which accumulation continues, i.e. whether continuing accumulation necessarily generates crises of consent.

In order to examine these questions it is necessary to introduce some assumptions concerning at least the short-term dynamic of capitalist economic systems. Given the focus on the fall of the rate of profit induced by requirements of legitimation, it seems sensible to simplify the analysis by choosing a model of the economy in which this rate does not fall for Marx's nondistributional reasons and in which wages are exogenously determined. Let us first suppose, with a fair degree of simplification, that the entire gross national product is divided during each period into gross profits (i.e. costs of replacement of capital plus surplus) and wages, so that

$$Y(t) = P(t) + W(t), \quad (3)$$

where $Y(t)$ represents the gross product, $P(t)$ the gross profits, and $W(t)$ represents wages. With some simplification again, profit represents capitalists' share of the gross national product, including both the costs of reproduction of capital used up during each cycle of production and surplus or net profit, while wages represent all of the incomes derived from employment.

Secondly, we will assume that the dynamic of gross product is ruled by

$$Y(t+1) = (1 + s/c)P(t) + W(t), \quad (4)$$

where s represents the rate of savings out of (gross) profit and c is the (gross)

capital/output ratio.¹⁶ The rate of savings out of wages, which is typically negligible (Kaldor, 1970), is taken to be zero. The logic of this description is the following: capitalists save a proportion s of their (gross) profit and invest it in an economy in which c units of capital are necessary to generate an additional unit of output. Note that both parameters, s and c , characterize the behavior of capitalists: their abstemiousness and efficiency in allocating investments. Wages are taken to be exogenous, representing the neo-Ricardian aspect of the model. They are thought to be partially determined by the democratic mechanisms described above, so that we can think in general of the actual level of wages as being characterized by a prior probability distribution $W_i(t)$.

Now, the question is what will happen in such a capitalist system when wages are at all times equal to the level at which consent is reproduced, i.e., when

$$W(t) = \hat{W}(t) \text{ for all } t, t = 0, 1, 2, \dots \quad (5)$$

Since the consent-reproducing level of wages depends upon the economic militancy of wage-earners, r , now this parameter determines the actual level of wages.

With these assumptions, we can now examine the dynamic relation between accumulation and legitimation. The general results are the following. When wage-earners are not militant economically relative to the abstemiousness and efficiency of capitalists, then profits grow exponentially, wages and the total product grow exponentially, and distribution becomes altered in favor of wages up to a certain point. When wage-earners are moderately militant economically, always in terms relative to the behavior of capitalists, then profits decline at an ever-decreasing rate, wages and the total product grow at the ever-decreasing rate, and the share of wages tends to unity. Finally, when wage-earners are highly militant economically, wages increase temporarily and then fall almost to their original level, while profits fall sharply during the time when wages increase. The total product increases briefly and then declines almost to its original level.

These results imply, therefore, that continual capitalist accumulation is possible, on the condition that wage-earners are not militant economically, even when wages are at all times sufficient to reproduce consent. In other terms, distributional conflicts do not necessarily lead to a falling rate of profit, even

when wages are sufficient for legitimation. A capitalist system in which consent is at all times reproduced and in which accumulation proceeds smoothly is conceivable from the distributional point of view.

A fall in the rate of profit and the concomitant arrest of accumulation result, however, from distributional conflicts when wage-earners, whose consent is being reproduced, are at least moderately militant. When they are moderately militant, a secular tendency of the rate of profit to fall ensues as the result of legitimation. When wage-earners are highly militant, consent can be reproduced only when costs of reproduction of capital are not returned to capitalists, i.e. when the basic conditions of capitalist accumulation are not reproduced.

Wage-earners who are not militant end up materially best-off after a sufficiently long time. Since consent-reproducing wages follow past profits, and since profits expand rapidly when wage-earners are not militant, actual wages continue to expand as accumulation proceeds. Moreover, wages increase typically as a proportion of gross national product. In the illustration presented in Figure 3 the share of wages climbs from the initial 50 percent of the product to 74.12 percent at the end of the thirty-second cycle, and eventually reaches 86.31. This is still an unequal society, not only in terms of control over the process of production, but even in terms of distribution of personal income. Assuming that (noninstitutional) capitalists constitute 3 percent of all households, their per-household personal income is still 5.66 times greater than the income of an average household of the remaining 97 percent of the population at the end of the thirty-second cycle, and it would still be 2.55 times greater if the process continued forever. Indeed, as long as profits (and product) continually expand, capitalists are personally better off than the rest of the people and some of them are likely to be much better off. Since under capitalism even poverty tends to be unequally distributed, such inequalities may be sufficiently annoying, but they do continue to decrease until wages reach about 84 percent of the total product. Most importantly, a redistribution of personal income would have little effect upon the improvement of life conditions of wage-earners. If personal incomes were equalized at the end of the thirty-second period, the total gain in the wage fund would have been 33.64: a gain equivalent to that generated by growth in the previous five periods.

The fact that when wage-earners are not militant personal consumption of capitalists remains at high levels, $(1 - s)P(t)$ in terms of our model, signifies, however, not only inequality but also inefficiency. The part of profit consumed by capitalists, about one-half, is a part withdrawn from accumulation. If capitalists were personally only as well off as the rest of the people, or more precisely, if the same part of the total product was allocated to investment as is withheld from the immediate producers, the rate of growth would be much

¹⁶ The standard way to derive this dynamic equation is to assume that

(1) a part $S(t)$ is saved out of profits

$$S(t) = sP(t),$$

(2) investment, $I(t)$, is ruled by the expectation of aggregate demand,

$$I(t) = cAY(t),$$

(3) savings are made to invest and in equilibrium

$$S(t) = I(t).$$

Using this accounting equation (3) and solving this system yields (4). See Harrod (1970).

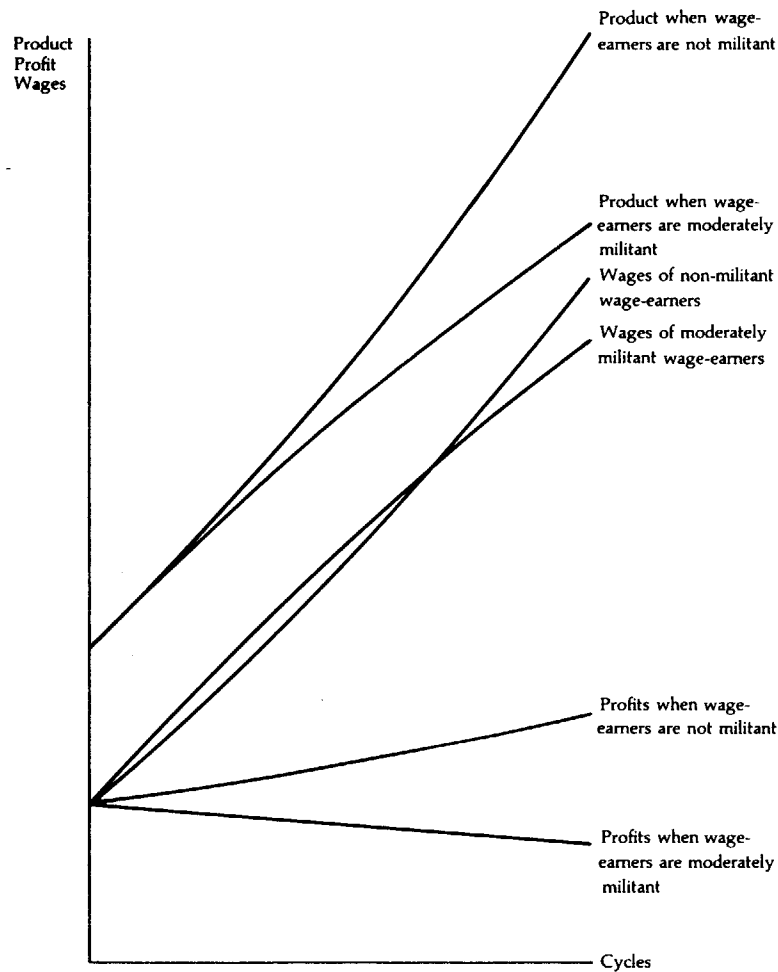


Figure 3. The dynamic of profit, wages, and product when $s/c = 0.10$ and $r = 0.08$ and 0.10

higher. In general, the inequality between personal incomes derived from profits and from wages means that growth of consumption over time is inferior to one that would have been achieved in an egalitarian society when other conditions are the same. If present consumption always takes place at the cost of the future, the consumption of capitalists is exceptionally costly. Even when wage-earners are not militant economically, and accumulation is as rapid as is possible, capitalist growth is suboptimally efficient.

Although in a long run the wage-earners who are not militant are better off, a

moderate level of economic militancy is the dominant strategy, in the game-theory sense of this term, over a medium run. Figure 3 shows that when wage-earners are moderately militant they are better off during the first twenty-two periods than their less militant counterparts. This is a long period of time, whether it is measured in durations of collective contracts, electoral intervals, or even years: it represents at least one generation. Hence, the pressure toward militancy is built into the structure of the intertemporal trade-off. Note again that the consequence of moderate levels of militancy is a secular fall in the rate of profit and of accumulation.

Moderate militancy, however, dominates a more militant posture over any period of time longer than a few years. When wage-earners are highly militant, wages first increase rapidly at the expense of profits. It can be shown that when r is at least as large as $(1 + s/c)$, then consent can be reproduced only on the condition that entire profits, including the capital used up in the particular cycle of production, pass into the hands of wage-earners. In an economy in which the rate of savings out of (gross) profits is about 0.40 and the (gross incremental) capital/output ratio is about 4, an r equal to 1.1 will be confiscatory in this sense. Hence there exists a strategy on the part of wage-earners which is anticapitalist while being purely economic. When wage-earners are so militant as to reject cooperation with capital unless at least 110 percent of current profits are immediately transformed into increases of wages, a crisis is imminent. Unless, however, this sudden increase of incomes of wage-earners is accompanied by a socialist transformation of the very process of accumulation, it will lead to an economic crisis. With the fall of profits, investment will also decline, and eventually the total product, employment, and consumption. Economic crises, when not accompanied by political transformations, fall on the shoulders of wage-earners. The costs of recovery become expressed in terms of wages or employment or both.

Figure 4 shows the evolution of wages associated with different strategies on the part of wage-earners. The least militant wage-earners, whose consent can be reproduced when only 1 percent of current profits becomes transformed into wage increases, are best off after almost 50 cycles, but earlier they are not as well off as their more militant counterparts. Wages still continue to grow indefinitely when wage-earners are satisfied with 8 percent of current profits, but again such wage-earners are worse off for a long period of time, twenty-two cycles as we have seen earlier, than the slightly more militant wage-earners whose consent can be reproduced only at the cost of 10 percent of current profits. When they become highly militant, however, wage-earners are better off, under capitalism, for only a few cycles, and they continue to be worse off in the future. *The moderately militant strategy is thus dominant over any reasonable period of time: high*

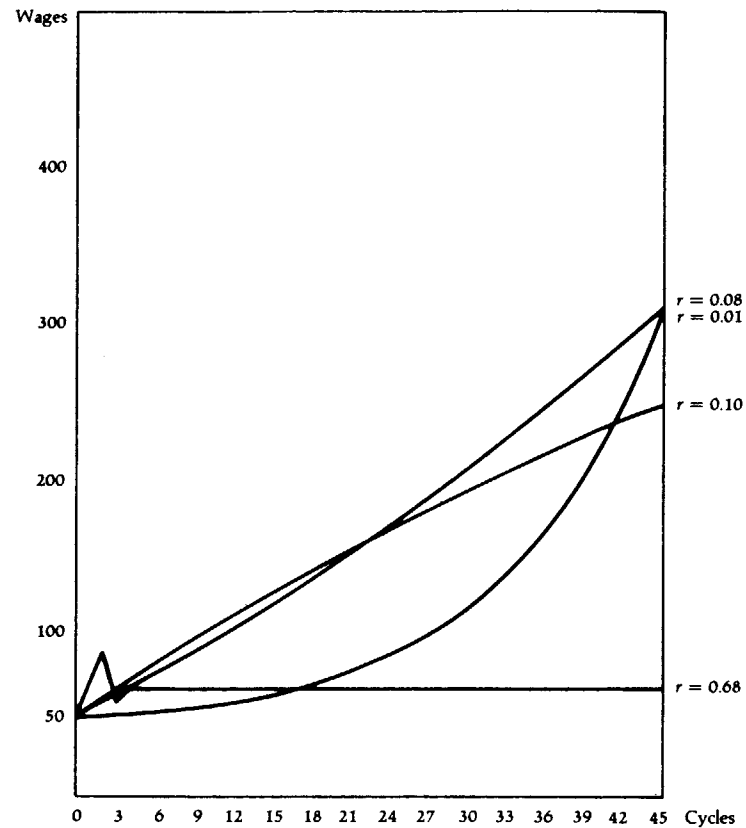


Figure 4. Evolution of legitimizing wages associated with different degrees of militancy of wage-earners, when $s/c = 0.10$

militancy generates economic crises, low militancy puts off the gains into the distant future. Hence, in spite of the fact that a sustained rate of profit (and accumulation) is possible under capitalism, one should expect wage-induced or, more precisely, legitimation-induced cyclical behavior. Legitimation of capitalism when wage-earners are moderately militant results in a "profit squeeze" (Glyn and Sutcliffe, 1972) and a slowdown of accumulation.

Note, however, that all statements concerning the effects of wage-earners' militancy upon the evolution of profits and wages are conditional upon the behavior of capitalists with regard to saving and allocation of investment. When capitalists invest in such a manner that less capital becomes necessary to produce an additional unit of output, and, in particular, when they save a higher proportion of profits, wages can grow faster without resulting in a slowdown of

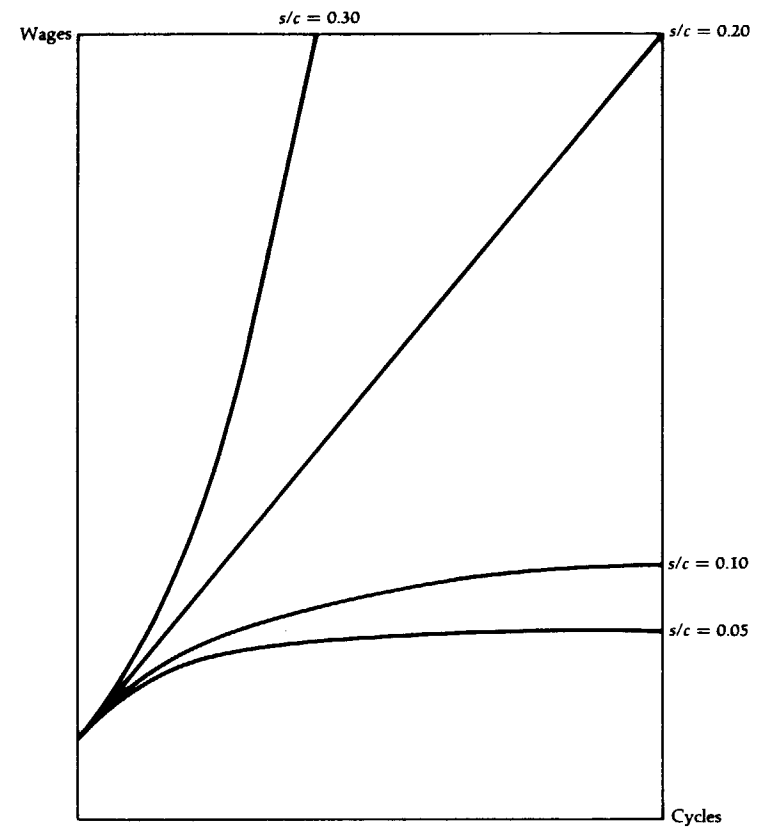


Figure 5. Evolution of legitimizing wages when $r = 0.1708$ and the rate of saving out of profits increases

accumulation. Figure 5 shows the dynamic of legitimizing wages when reproduction of consent requires that 17.08 percent of current profits be immediately transformed into wages increases and when s/c increases from 0.05 to 0.10, 0.20, and eventually to 0.30.

Since wages can grow faster when s/c is higher, which means practically that capitalists' rate of saving out of profits is higher, wage-earners have a profound interest under capitalism in influencing, in their status as citizens, this aspect of behavior of capitalists. Investment tax credits, differential taxation of undistributed and distributed profits, and accelerated depreciation schedules are among the more or less effective instruments by which saving behavior of capitalists can be influenced. The game between wage-earners and capitalists is

not limited to distribution since, contrary to Lancaster (1973), wage-earners do have some control over capitalists' saving behavior. This implies that there exist trade-offs between wage-earners' militancy and capitalists' consumption. For example, the effect upon legitimizing wages of a decrease of militancy from an r equal to 0.10 to an r equal to 0.08 is compensated over four cycles by an increase of s/c from 0.10 to 0.125. If we assume that c is equal to 2, this means that legitimizing wages of the less militant wage-earners will remain the same when the rate of capitalists' consumption is reduced from 80 to 75 percent of gross profits. *The game is therefore cooperative in the sense that wage-earners bid legitimizing levels of wages while threatening with militancy and capitalists bid increased investments out of profits while threatening to increase consumption.*

But the fact that the total "pie" increases under capitalism is inconsequential in itself, since if workers did not obtain any part of the increase, the game would remain a noncooperative one. It would still be in the short-term interest of workers to "expropriate the expropriators," since they could not be worse off if profits became negative. The positive-sum nature of the capitalist system does not in itself constitute the game between wage-earners and capitalists as a cooperative one. If and only if wage-earners regularly obtain some part of the increase made possible by the past exploitation can they be reasonably expected not to pursue the noncooperative strategy of an immediate confiscation of capital. The conflict becomes a cooperative one if and only if wages are formed at a legitimizing level and when political conditions for an immediate socialist accumulation are absent. Under those conditions, but only under those conditions, the strategy of increasing wages in the short run at the cost of profits is dominated by the strategy of moderate militancy, and only under those conditions is cooperation possible.

Needless to say, wage-earners would always be better off if they could obtain higher incomes and allocate these incomes to a socialist accumulation, since then they would have direct control over the rates of investment. No trade-offs of wages for capitalists' willingness to invest would then be necessary. Nevertheless, the fact that socialist accumulation is more efficient in the longer run does not imply that wage-earners interested in the short-run improvement of their material conditions would necessarily opt for a socialist transformation. Such a transformation is likely to generate an economic crisis during which material conditions of wage-earners would be adversely affected. Hence, political conditions for a socialist transformation are not always present.

Conjunctures and Crises

Since outcomes of conflicts are indeterminate by virtue of the organization of a system as a democracy, the conclusions drawn above establish only the possibility of continuous capitalist accumulation. Accumulation free of crises caused by distributional conflicts is possible if wage outcomes resulting from these conflicts happen at each time to be exactly sufficient to reproduce the consent of economically nonmilitant wage-earners. But precisely because democracy must allow uncertainty if it is to be effective in generating participation, crises may occur even if they can be avoided. Crisis-free accumulation is thus by no means certain, or likely, even if wage-earners are not militant.

The notion of a distributional crisis of accumulation was implicit in the preceding deterministic analysis of the long run. A crisis of consent occurs any time when actual wages fall below the level $\hat{W}(t)$ necessary to reproduce it. In order to characterize a concrete historical situation as a crisis, it remains therefore to determine the minimal requirements of the system with regard to profits. Let the current level of profits necessary for accumulation to continue at a fixed rate be $\hat{P}(t)$.

A distributional crisis occurs, therefore, when the sum of wage and profits requirements is larger than the total product:

$$\hat{W}(t) + \hat{P}(t) > Y(t). \quad (6)$$

If wages were fixed to always equal the level necessary to reproduce consent, then the occurrence of crises would depend only upon the economic militancy of wage-earners and the behavior of capitalists. But outcomes of distributional conflicts are uncertain and a crisis may occur even if it can be avoided given s , c , and r , that is, even when wage-earners are not militant relative to the rate of saving and the efficiency of the technology.

Wage-earners consent to capitalist relations because they expect profits to be transformed into improvements of their future life conditions. This implies that there exists a level of wages necessary to reproduce consent. In turn, as long as wage-earners consider profits obtained in the past, there also exists a minimal level of profits which is necessary if reproduction of consent is to be possible in the future while accumulation continues. *Future legitimation requires current accumulation.* If wages fall below the minimal level and/or profits are not sufficient to reproduce consent and to allow future profits, a crisis must ensue.

The analysis of concrete situations is best conducted geometrically. A crisis can be portrayed as in Figure 6.

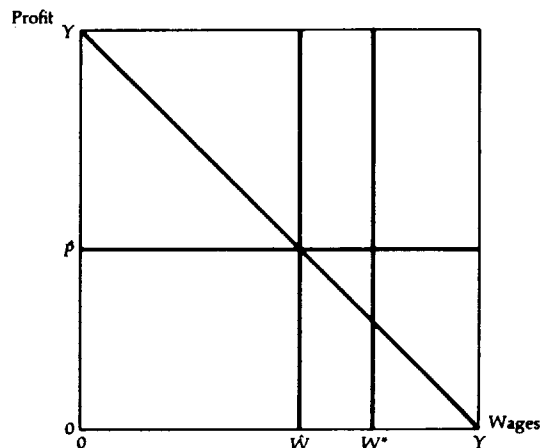


Figure 6.

Think of Figure 6 in the following manner. The side of the square represents the gross product at the particular time, $Y(t)$. Wages and profits are measured, respectively, on the horizontal and the vertical axes. Given that the product is partitioned into wages and profits, any distribution that satisfies this condition must lie on the diagonal for which it is true that

$$P(W) = Y - W. \tag{7}$$

Any distributional outcome can thus be represented as $[W(t), \hat{P}(t)]$ or $[W(t), P(W)]$. The point of intersection of $\hat{P}(t)$ and $P(W)$ is projected vertically upon the $W(t)$ axis. This point represents the maximal wage level at which the condition (6) will be satisfied if it can be. This level of wage is

$$W^*(t) = Y(t) - \hat{P}(t). \tag{8}$$

It can be seen immediately that the situation represented in Figure 6 represents a crisis: there is no segment of the diagonal $[W(t), P(W)]$ which does not violate one of the two minimal requirements. If the level of wages is $0 < W < W^*$, then wages are lower than \hat{W} . If the level of wages is $W^* < W < \hat{W}$, then both profits and wages are below the minimally required levels. If $\hat{W} < W < Y$, then profits are lower than \hat{P} .

A crisis would be avoidable, however, if the sum of the minimal requirements of consent and accumulation was lower than the total product. In the situation portrayed in Figure 7 a wage outcome $0 < W < \hat{W}$ results in a breakdown of consent, and an outcome $W^* < W < Y$ threatens accumulation. But any

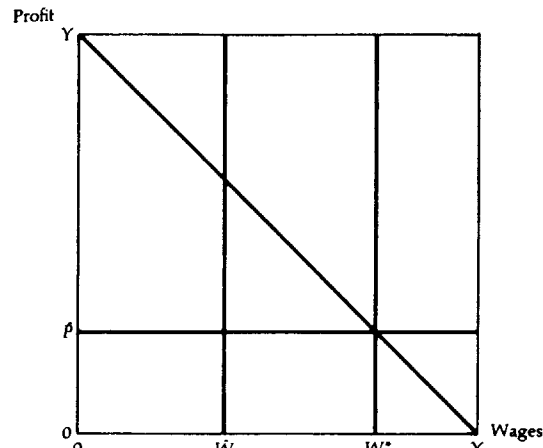


Figure 7.

outcome in the segment $\hat{W} < W < W^*$ satisfies both requirements. Hence this is not a crisis conjuncture even if crises may occur.

Note that the total product is the same in both the crisis conjuncture and the conjuncture in which crises can be avoided. If consent is conditioned by the past history of profits, then crises are not manifest at the level of economic indicators. They are more likely to occur when profits were high in the past, that is during periods of rapid expansion.

Before proceeding any further, let us reflect upon what has been described. We have seen that each historical moment is constituted by the past actions of wage-earners and profit-takers in such a manner that the total product, the level of wages necessary to produce consent, and the level of profit necessary to maintain the rate of accumulation are given at this moment by past history. They are inherited from the past and given at the present as conditions which are objective in the sense that they are independent of the actions pursued under these conditions. People do make history, but they make it under conditions inherited from the past. What exactly are these conditions? They constitute any moment of history, any concrete situation, or "conjuncture," as

$$\text{Conjuncture } (t): Y(t), \hat{W}(t), \hat{P}(t), r, s, c. \tag{9}$$

But these conditions inherited from the past determine the consequences of distributional outcomes that occur at a particular moment for the preservation or transformation of social relations. While actual distributional outcomes are indeterminate from the point of view of conditions inherited from the past, these

conditions determine the mapping of distributional outcomes upon crises that result from them. A crisis conjuncture is one in which the mapping of the consequences for the preservation or transformation of social relations is wage crisis/wage and profit crisis/profit crisis. The mapping in the conjuncture in which crises can be avoided is wage crisis/no crisis/profit crisis.

A conjuncture can thus be characterized as the mapping of the consequences for transformation or preservation of social relations upon the outcomes of conflicts which occur within it. A conjuncture, always identified concretely with regard to time and place, is the set of conditions which determine the consequences of actions feasible under these conditions. A conjuncture is simply "the situation," "a historical moment," a particular state of affairs. But, as we have shown, the conditions characterizing a concrete historical situation are at the same time empirical and theoretical: as Althusser put it, "simultaneously the existing conditions and the conditions of existence of the phenomena under consideration." (1970: 207) They are empirical in the sense that they are the concrete conditions at a given moment, and they are theoretical precisely because they determine the consequences of actions which occur at this moment.

While the consequences are thus determined, outcomes of conflicts are uncertain. The distribution of the probability that a particular distributional outcome $[W_i, P_i]$ will result at a particular time from intergroup conflicts is determined by the manner in which these conflicts are organized at this time. This distribution can be, for example, the one portrayed in Figure 8.

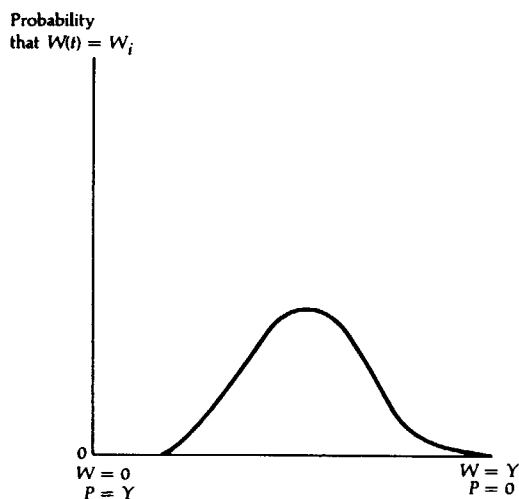


Figure 8.

This probability distribution W_i constitutes one of the elements constituting a conjuncture, since it determines the likelihood that a crisis will occur, conditional upon all the other elements specified above. Let us superimpose the distribution $W_i(t)$ from Figure 8 upon the conjuncture portrayed in Figure 7 (see Figure 9). It is apparent that the shaded area gives the probability that a crisis will occur, given the conjuncture as specified by equation (9). Even if crises can be avoided, they may be quite likely if W_i is flat relative to the segment $\hat{W} < W < W^*$.

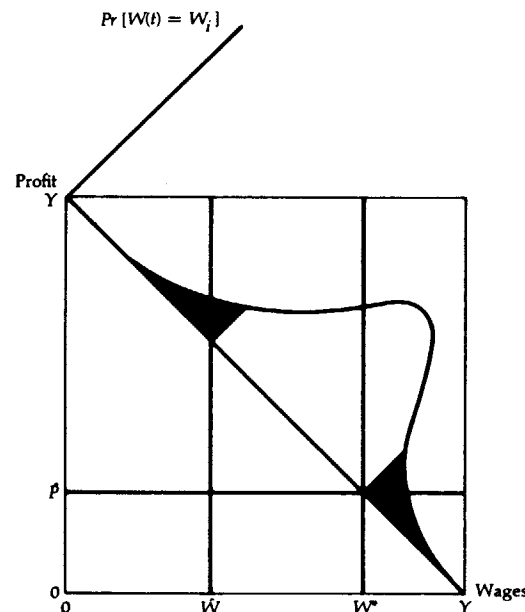
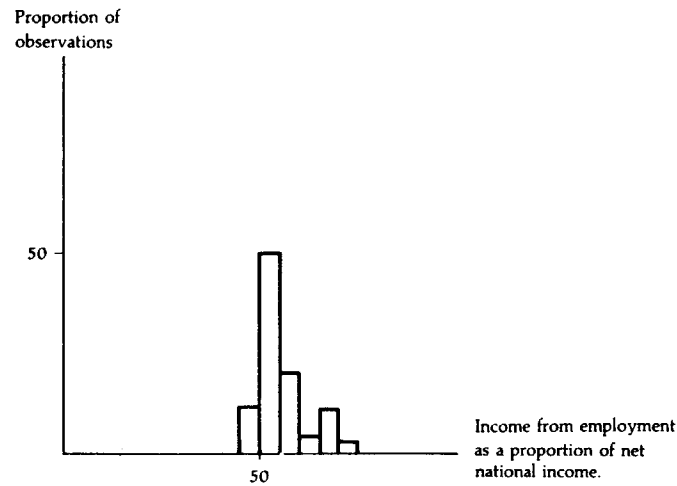


Figure 9.

If consent is to be reproduced continually while profits are not falling, capitalist democracy must be organized in such a manner that, on the one hand, outcomes of conflicts cannot be so uncertain as to make it likely that basic material interests of wage-earners or capitalists will be violated but, on the other hand, they must be sufficiently uncertain to absorb wage-earners as participants. If outcomes are determined enough to guarantee that when it can be, consent will be reproduced continually at nondecreasing levels of profits, this certainty may reach the point at which participation becomes eroded.

The general trend of historical development of capitalist democracies has been in the direction of reducing the uncertainty. The prior distribution has

evolved from one which was biased toward profits and highly uncertain, as in Figure 8, to one which is more favorable to wages and at the same time very narrow, as in Figure 10 which portrays the a-posteriori, empirical distribution in Western Europe between 1953 and 1964.



Four observations were given for each country, consisting of mean proportions between 1953 and 1955, 1956 and 1958, 1959 and 1961, and 1962 and 1964. Income from employment includes here employers' contributions to social security. Source: United Nations Economic Commission for Europe (1967, part 2, chapter 2, 30-1).

Figure 10. A-posteriori distribution of outcomes in 11 Western European countries between 1953 and 1964

Within a very narrow range, at the time between wages that equal 50 and 55 percent of total product, this distribution is flat, but its variance is very low. Within this range all outcomes are equally possible, outside of this range they are nearly impossible. The flavor of conflicts organized in this manner is nicely conveyed by the following account of a convention of the S.P.D.:

In one important respect a majority of delegates outdid the Eppeler Commission. They voted to increase the top rate of income tax – now 53 percent – to 60 percent, while the Commission proposed the rate of 58 percent. This caused Professor Schiller [then Minister of the Economy and heir apparent to party leadership] to remark to his Cabinet colleagues: 'Obviously these people are trying to get quite a different sort of Republic from the one we have.' (*Guardian*, November 27, 1971)

This trend is not due to any "functions" of the state, even if it is functional for avoiding crises of consent (and dysfunctional for participation). It constitutes a cumulative effect of reforms which have resulted from past crises. One way in

which the conflicts that appear during crises can be terminated is when wage-earners agree to tolerate wages below the consent-reproducing level in exchange for an increase in the probability of obtaining higher wages from this moment on. This probability is none less than power, and reforms are precisely those changes in the organization of conflicts which alter the power of specific groups. Extensions of franchise, proportional representation, the right to organize, countrywide collective agreements, and public financing of elections are among many such reforms which typically resulted from crises of consent. Capitalists did lose power in the course of history of capitalism.

Yet a cumulative effect of these reforms is a crisis of participation. When conflicts over the realization of material interests, as well as about organization of conflicts, are organized in such a manner that their outcomes are independent of the actions undertaken by participants, organizations representing wage-earners on the terrain of democratic institutions lose their support. As long as these outcomes are uncertain and depend upon actions of the masses, wage-earners must be organized to participate. But when election results and collective bargaining outcomes have no visible impact upon the material conditions of wage-earners, masses become dissociated from their representatives. Problems faced by the society are lived as acute and urgent; institutions organized to resolve conflicts are the representative institutions; and yet, election after election, collective agreement after collective agreement, nothing is resolved. The institutional crisis of several advanced capitalist societies is a crisis of participation: there is no reason for wage-earners to act as if their participation made a difference if it is becoming increasingly clear that it does so less and less. And the withdrawal of groups from the representative institutions has a profound destabilizing effect upon these institutions (Przeworski, 1975). When groups cease to participate, "parties" become "movements": politics becomes focused on the organization of society because economic issues become replaced by social, cultural, and ideological conflicts which cannot be easily resolved in a cooperative fashion (Habermas, 1975). Participation is necessary to reproduce the organization of a society as a capitalist democracy because participation reduces political activities to material issues, and these can be resolved under capitalism in a cooperative manner. The "postindustrial society" is not one in which everyone has what they want, but one in which the capacity of democratic institutions to absorb conflicts has been undermined by the growing independence of outcomes from mass actions.

Breakdown of Consent and Force

Gramsci persistently emphasized that economic crises do not lead automatically to "fundamental historical crises," that is, to revolutionary situations. The civil

society, he said, "has become a very complex structure and one which is resistant to the catastrophic 'incursion' of the immediate economic element (crises, depressions, etc.)." (1971: 235) To put it differently, a breakdown of either the material or political basis of consent does not become necessarily manifested in a revolutionary upsurge of the dominated classes. A breakdown of consent is not a sufficient condition for a breakdown of capitalism, since its effect is first to bring to the fore the coercive mechanisms which underlie the reproduction of capitalist relations. Hegemony is "protected by the armour of coercion," and when consent breaks down coercion can still hold the system together.

When writing about hegemony, Gramsci typically attributed the coercive function to the "superstructures," either the state or the "civil society," where the latter does not include the system of production. Nevertheless, his analyses of capitalist economic relations imply that elements of coercion are to be found even at this level. Economic relations are of themselves coercive, in the sense that, regardless of individual states of mind, anyone who does not own the means of production must subject him or herself to the wage relation as a condition of physical survival. Counterhegemony cannot be exclusively ideological, for as long as coercion operates at the level of the economic structure, individual actions must express this structure. But even at the collective level, the economic structure of capitalism has a coercive effect upon wage-earners' organizations.

A breakdown of the material basis of consent becomes expressed within the working class as a transformation of the relation between the masses and the leaders who are during normal times simultaneously their representatives in the existing institutions. It is the task of working-class organizations to secure the realization of material interests of the masses. When they have failed in this task, the relation of representation, internal to the class, becomes affected first. At this moment the road bifurcates and the leaders—representatives face a sharply defined choice. Either they adopt a strategy of participating in democratic institutions to transform the capitalist system of production or the relation of representation breaks down. Hence, either the democratic system becomes the arena of conflicts over the organization of the system of production or the entire representative system becomes weakened as wage-earners withdraw from their organization of a society as a capitalist democracy is threatened: under such circumstances participation no longer expresses consent while withdrawal from participation is a threat to the democratic organization of conflicts.

Yet as long as accumulation is financed out of profits, private profits are necessary for accumulation. Crises of capitalism are in no one's material interest. In particular, crises of capitalism are a threat to wage-earners since capitalism is a

system in which economic crises must fall eventually on their shoulders. No one drew the blueprint and yet the system is designed in such a way that if profits are not sufficient, then eventually either wages must fall, or employment, or both. If anyone is to be better off under capitalism, wage-earners cannot obtain more than that which is warranted by the abstemiousness and the efficiency of capitalists. Decisions by capitalists to save and to choose techniques of production constitute the parameters which constrain the possibility of improvement of material conditions of anyone. When profits are too low, when capitalists do not save, or when they invest inefficiently, the rate of growth of product falls and the opportunity of anyone to improve material conditions falls with it. And under capitalism there are no ways to get out of a crisis other than to increase the rate of savings out of profits, increase the input/output efficiency of production, and/or reduce wages (or force savings, which is the same). The brunt of the cost becomes expressed either in terms of unemployment or a fall of wages. Unless one of these occurs, and quite likely both, the crisis must get deeper and, under capitalism, the recovery more costly to wage-earners.

An element of coercion is thus built into the economic structure of capitalism. Unless the capacity to institute socialism is organized economically, politically, and ideologically within the capitalist society, wage-earners are better off avoiding crises and cooperating in the reproduction of capitalist accumulation. It is therefore understandable that the secretary of the Spanish Communist Party would maintain that:

One must have the courage to explain to the working class that it is better to give surplus to this sector of the bourgeoisie than to create a situation which contains the risk of turning against us. (Carillo, 1974: 187)

That is why "the fundamental forces of the working-class and popular movement do not stake their fortunes on a worsening of the crisis. They are working for a positive democratic solution to the crisis." (Chiaromonte, 1975) Conditions for the hegemony of capital cannot be abolished unless the system of production is transformed for, to repeat, "the content of the political hegemony of the new social group which has founded the new type of state must be predominantly of an economic order. . . ."

Moreover, material deprivation is not always the final consequence of economic crises. If history teaches any lessons, it is that "bringing the system down" by means of economic militancy alone imports the danger of fascism. Faced with a threat to the institution of private profit, capitalists, or at least some capitalists, seek a secure pursuit of their private business under the protection of force. This is not to imply that capitalists are always capable of utilizing the permanently organized physical force as an instrument of repression whenever

capitalism is threatened.¹⁷ The characteristic dynamic of crises consists of the renunciation of the masses of their representatives in the institutions of capitalist democracy (Marx, 1934: 87–94; Gramsci, 1971: 210; Poulantzas, 1974a). As a result, relations of physical force become decisive during periods of crises.

Force, permanently organized physical force, is for Gramsci a constitutive element of consent, in the sense that any breakdown of consent activates the mechanisms of coercion which are inherent in all realms of social life and which remain latent as long as consent is sufficient to reproduce capitalist relations. Breakdown of consent bares coercion – coercion which is ubiquitous and which rests ultimately, but only ultimately, upon the monopoly of the state in organizing permanent physical force.

In order to understand this dynamic of consent and force we must clarify Gramsci's conception of the relation between the state and the civil society – a source of undue difficulties for several interpreters, most recently Anderson (1977). For Gramsci, all institutions that participate in reproducing capitalist social relations constitute elements of the state:

every State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes. The school as a positive educative function, and the courts as a repressive and negative educative function, are the most important State activities in this sense: but, in reality, a multitude of other so-called private initiatives and activities tend to the same end – initiatives and activities which form the apparatus of the political and cultural hegemony of the ruling classes. (1971: 258)

This definition is exclusively functional: *any and every institution which participates in the production of capitalist relations is a part of the state*. Institutional distinctions of public and private are internal to bourgeois ideology. When Gramsci asks, to Anderson's bewilderment, whether the parliament might not under some circumstances be outside the state, the decisive question is "In other words, what is their real function?" (Ibid.: 253) The state is defined depending upon "the end" of various initiatives and activities, not by bourgeois legal distinctions.

Moreover, in all these institutions education, the positive aspect, and repression, the negative one, are inseparable. They constitute precisely "aspects," that is, twin characteristics of the same activities. "The Law," Gramsci says, "is the repressive and negative aspect of the entire positive, civilizing

activity undertaken by the State." (1971: 247; also 195, 242, 246, and 259) Consent and coercion cannot be treated as opposites: coercion is the, normally latent, element inherent in consent. It is true that coercion is possible without consent, but consent always contains an element of coercion.

Coercion is thus ubiquitous; it is not reserved to any particular institution. Gramsci would have rejected, and here Anderson's interpretation of his view is correct, the assertion that "the exercise of repression is juridically absent from civil society." Moreover, this element of coercion does not originate exclusively, or even mainly, from "conformity" or "custom," and certainly never from a self-imposed restraint, "consensus." Anderson confuses the monopoly of the state in organizing and threatening with the permanent physical force with the monopoly of exercising coercion. The state, precisely because of its monopoly in organizing force, enjoins other institutions, including the "private" ones, with the capacity and the legal right to exercise coercion *on its behalf*. Thus a school can force students to follow certain courses, to wear a particular type of clothes, to bend up and down for 45 minutes each day, or to jump into icy pools. Let me put it differently: I may stop at a red light because I believe that this is the best way of organizing traffic, I may stop because this is the custom, but if I do not stop and get caught I will get a fine, and if I do not pay the fine I will go to jail. Am I thus stopping as an act of *consensus*, a voluntary agreement, or *consent* which is protected by the armor of coercion? I think Gramsci says the latter: that even if I internalized the necessity as freedom, the element of coercion – coercion guaranteed by the monopolized force – is latent in the act. The repressive function is as ubiquitous as the educational one: it extends to schools, churches, parties, families, and so forth. *The "ideological state apparatuses" are the same as the repressive ones.*

Under "normal" circumstances when hegemony is not threatened, this exercise of coercion is masked by the appearance of "voluntary" conformity with the requirements of capitalist development. Even when force is used, "the attempt is always made to ensure that force will appear to be based on the consent of the majority, expressed by the so-called organs of public opinion. . . ." (Gramsci, 1971: 80n) Indeed, underlying the coercive function is:

The apparatus of the state coercive power which "legally" enforces discipline on those groups who do not "consent" either actively or passively. The apparatus is, however, constituted for the whole of society in anticipation of moments of crisis of command and direction when spontaneous consent has failed. (Ibid.: 12)

Is Gramsci inconsistent, therefore, when he speaks of the state in the narrow sense of coercive apparatus, when he allocates the repressive function to particular institutions, and when he emphasizes the pivotal role of permanently

¹⁷ See Gramsci's analysis of the class composition of the army and its political effects (1971: 210–17). O'Donnell (1977) points out that capitalism is a system where the economically dominant class is separated from the organized means of coercion. His 1976 analysis of the political propensities of armed forces is the best I know.

organized physical force during periods of crises? Gramsci vacillates in his ordering of functions to institutions because functions of institutions change. They are not simply different in different societies (East and West); they do not simply evolve in the course of history. Yet *underlying the seeming inconsistency is a completely consistent theory of the dynamic of the state*. This dynamic allocates functions to institutions depending upon the conjuncture of class struggle and specifically depending upon the modality and the degree of the threat to capitalism. All institutions combine consent and force, because there is no consent which is not supported by force. Under normal circumstances, however, no force is apparent anywhere in the society, since its uses are limited to at most individual transgressions. The only institution in the society which is force alone – the army – is hidden completely: it does not intervene in the normal exercise of hegemony and it appears to have been actually organized for the contingency of an external threat. Hence, during normal times no institution seems to perform a coercive function, not even the repressive apparatus of the state in the narrow sense.

What distinguishes the particular institutions, those which appear private as well as those which appear directly political, is not their function under the normal exercise of hegemony, but the order and the manner in which they reveal their coercive functions when hegemony is threatened. Gramsci gives only a few precise indications of this dynamic and he asserts, misleadingly in my view, that it is the state (in the narrow sense) which is the outer layer of defense. His specific analyses would indicate that it is the *inner* layer; that the institutions of the civil society reveal first their coercive functions and only when they have been conquered by the contesting forces is the coercive core of the state also revealed. If schools socialize people to work, there is no need for anything else; if schools are taken over, market discipline must be intensified; if people do not work in factories and offices in spite of this discipline, new laws must be passed to make them do it. Only when such laws cannot be passed does naked force becomes manifest in all realms of social life. It is thus perfectly conceivable that at some moment the parliament may not be a part of the state: when it is controlled by forces hostile to the hegemony of capitalists in general or a particular class block in particular. A social formation is weak when schools or families do not generate consent because the access to the core, i.e. the parliament, the executive, and ultimately the army, is more direct. In such formations a case-to-case intervention of physical force is necessary to maintain capitalism, which makes such systems much more exposed.

Hence while it is true that the organization of permanent physical force is monopolized in most societies, this force becomes activated only when other lines of defense have failed. The few historical instances in which revolutionary

forces came to the verge of destroying these defenses make it apparent that they are indeed highly complex. The question which Gramsci formulated and for which we still have precious few answers concerns precisely the dynamic of the breakdown of consent as it systematically bares coercion.¹⁸

¹⁸ "For Gramsci," writes Paggi, "the issue with regard to force is clearly more complex than the respective strength of the armies in the field. It is rather a matter of grasping the complex way in which a class society is structured from the economic to the political sphere, and to represent its movement as a succession of the various outcomes of the confrontation between the struggling forces." (1977: 59)