

## Critical Theory and the Historical Transformations of Capitalist Modernity

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Critical Theory, the ensemble of approaches first developed during the interwar years by theorists of the Frankfurt School—members of the *Institut für Sozialforschung* and those close to its publication, the *Zeitschrift für Sozialforschung*—is one of the richest and most powerful attempts to formulate a critical social, cultural, and historical theory adequate to the contemporary world. It sought to illuminate the great historical changes of the first six decades of the twentieth century with reference to a large-scale transformation of capitalism, and did so in ways that attempted to critically interrelate the political, social, philosophical, economic, cultural, legal, aesthetic, and psychological dimensions of capitalist modernity. Moreover, rejecting the notion that a theoretical standpoint could be independent of its social and historical context, Critical Theory sought self-reflexively to ground its own critique as a historical possibility. Its critique of capitalist modernity and of its dominant form of rationality was undertaken from the standpoint of critical reason itself. The question of the self-reflexivity of the theory and that of the standpoint of critique were intrinsically tied.

In the late 1930s and early 1940s, however, Critical Theory's attempt to grapple critically with contemporary historical transformations took a deeply pessimistic theoretical turn, culminating in *Dialectic of Enlightenment* (Horkheimer and Adorno 2002), according to which the epochal transformation of capitalism in the twentieth century had given rise to a society that, while remaining antagonistic, had become completely administered and one-

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dimensional, one in which the possibilities of an emancipatory transformation had all but disappeared.

Many attempts to account for Critical Theory's pessimism have done so in terms of significant contemporary historical developments such as the failure of revolution in the West after World War I and the Russian Revolution, the development of Stalinism, the rise of Fascism and Nazism, and the growing importance of mass-mediated forms of consumption, culture, and politics (Arato 1978: 3–25; Benhabib 1986; Dubiel 1985: 99–112; Held 1980: 16–23, 46–65, 398–400; Jay 1973: 3–30, 356, 279; Kellner 1989: 9–12, 19–21, 43–4, 55, 65–6, 104–20; Wiggershaus 1994).<sup>1</sup>

This pessimistic theoretical turn cannot, however, be fully grasped with immediate reference to the bleakness of its historical context. It also resulted from the framework within which those historical developments were interpreted, one that resulted in some fundamental conceptual difficulties. By analyzing the interrelated approaches formulated in the late 1930s and early 1940s by Friedrich Pollock, Max Horkheimer, and Theodor Adorno, this chapter will seek to show that, in spite of the richness of their attempts to formulate a critical theory more adequate than traditional Marxism to the transformations of the twentieth century, these thinkers retained some of its political-economic presuppositions and, as a result, reached a theoretical impasse: in attempting to deal with a new configuration of capitalism, their approach lost its reflexivity; it no longer could account for itself as a historical possibility.<sup>2</sup>

Jürgen Habermas, the most prominent successor to classical Critical Theory, also maintained that Adorno and Horkheimer reached a theoretical dead end in *Dialectic of Enlightenment*. He argued that, because they worked within the framework of a philosophy of consciousness, the critique of instrumental reason they developed left little room for another, critical form of rationality; this undermined Critical Theory's self-reflexivity (Habermas 1984: 386–90; Habermas 1987: 105, 118–9, 128).<sup>3</sup> In his attempt to respond to this theoretical impasse, Habermas essentially accepted Horkheimer and Adorno's identification of capitalism with the dominion of instrumental reason and then undertook a series of diremptions—labor and interaction in his earlier work,<sup>4</sup> and, then, system and lifeworld in *Theory of Communicative Action* (Habermas 1984; Habermas 1985)—in order to limit the purportedly totalizing character

<sup>1</sup> Some interpreters of Critical Theory have argued that the Frankfurt School neglected historical analysis and replaced political economy with philosophy (see, e.g., Anderson, 1976; Therborn, 1976; Bottomore, 1984). But this overlooks Critical Theory's attempts to deal with the far-reaching epochal transformation of capitalism in ways that were critical of the political economic assumptions of orthodox marxism.

<sup>2</sup> Aspects of this argument were presented in Postone, 1993, Chap. 3, and Postone, 2004. © Cambridge University Press, reproduced with permission.

<sup>3</sup> See also the similar critique in Honneth, 1991: 43–56; Honneth, 1994: 255–269, and Honneth, 2000: 116–127.

<sup>4</sup> See Habermas, 1970 and Habermas, 1973. For an elaboration of my critique of Habermas, see Postone, 1993: 226–260.

of the sphere of instrumental reason (“labor,” “system”) by opposing to it a sphere structured by communicative action that could serve as the source of critical reason and, hence, as a basis of critique. With his communicative turn, Habermas sought to overcome the aporias of earlier Critical Theory by reconceptualizing the conditions of possibility for a fundamental critique of the contemporary world. By retaining the political–economic presuppositions of earlier Critical Theory, however, Habermas essentially decoupled his version of Critical Theory from a theory of capitalism.

The far-reaching global transformations of the past four decades, which were dramatically illuminated by the global economic crisis of 2008, however, have made manifest the continued centrality of an understanding of capitalism to an adequate analysis of the modern world. This strongly suggests that Habermas’s attempt to reestablish the self-reflexivity of Critical Theory may have been accomplished at the expense of its other fundamental theoretical aim—to critically illuminate the nature of the contemporary world.

To argue for the continued importance of a critique of capitalism for an adequate critical theory of the world today does not, however, mean that one can simply return to such a critique as it traditionally has been understood. This chapter examines the complex relation of classical Critical Theory to traditional understandings of capitalism in order to clarify the trajectory of the former and also illuminate the limits of the latter. In so doing, it points to a fundamentally different analysis of capitalism, one that—if integrated with the rich concerns of the Frankfurt School—could serve as the point of departure for a critical theory that could both be reflexive and elucidate the nature and dynamic of our global social universe.

## 7.1 CRITICAL THEORY AND POLITICAL ECONOMY

Central to Critical Theory was the view that capitalism was undergoing a fundamental transformation, entailing a changed relationship of economy, politics, and society. The understanding of political economy with which this transformation was grasped played a central role in Critical Theory’s pessimistic turn and was related intrinsically to the better-known political, social, cultural, and philosophical dimensions of that turn.

The notion of a fundamental change in capitalism was formulated in various ways by Friedrich Pollock and Max Horkheimer, who belonged to the “inner circle” of Frankfurt School theorists, and Franz Neumann and Otto Kirchheimer, who did not. They shared a historical approach to political, legal, economic, and cultural forms, which they regarded as intrinsically related, and sought to delineate the transformation of those forms with the supersession of nineteenth-century liberal capitalism by a new bureaucratized configuration of polity and society in the twentieth century. They considered the latter to have been the necessary historical outcome and negation of liberal capitalism, which meant there could be no return to a liberal order (Pollock 1932: 10, 15, 21;

Pollock 1933: 332, 350; Horkheimer 1989: 78ff.; Neumann 1937: 39, 42, 52, 65, 66; Kirchheimer 1941a: 269–89; Marcuse 1934: 161–95).

While this general analysis was consonant with conventional Marxist understandings of capitalism's historical development, the approaches developed by these theorists differed in important ways from such understandings. They did not, for example, regard as unequivocally positive the supersession of a liberal, market-centered order by a bureaucratized administered one, but analyzed critically that transition in terms of a change in the nature of domination in capitalism. All of the theorists involved considered important aspects of life in liberal capitalist society to have been more positive, however equivocally, than the forms that superseded them, and did not simply equate the individual with capitalism and the collective with socialism. The approaches they developed implied that a future liberated society should incorporate elements, however transformed, from the liberal past. (Pollock 1941a: 206–7 and Pollock 1941b: 443–9; Kirchheimer 1941a: 276–88 and Kirchheimer 1941b: 456–75; Neumann 1937). Their accounts of a shift in political culture were constitutive of the better-known analyses by Horkheimer, Adorno, and Marcuse of transformations in the nature of culture and of personhood in the twentieth century.

In spite of the general agreement among these theorists regarding the transition from liberal to state-centric capitalism, however, there were also important differences, particularly between Pollock and Neumann. These differences emerged openly in 1940–41 in debates on the nature of the Nazi regime. Pollock considered that regime to be an example of an emerging new configuration of capitalism, which he treated ideal-typically as “state capitalism.” As will be elaborated below, he characterized this new configuration as one in which the economic functions of the market and private property had been taken over by the state. Consequently, although state capitalism was an antagonistic society, it no longer was structured by the sort of contradiction between production and private property and the market that had marked liberal capitalism (Pollock 1941a: 200–25; 1941b: 440–55). Neumann criticized Pollock's approach as empirically incorrect and theoretically questionable. In *Behemoth*, he strongly rejected the thesis of state capitalism and claimed that capitalism's contradictions remained operative in Nazi Germany even if veiled by the bureaucratic apparatus and the ideology of the *Volk* community (Neumann 1963: 227–8). Indeed, Neumann claimed, the very notion of “state capitalism” is a contradiction in terms. Should a state become the sole owner of the means of production, it would be impossible for capitalism to function (Neumann 1963: 224).

The debate between Pollock and Neumann frequently has been presented as one primarily on the nature of National Socialism (Jay 1973: 143–72; Wiggershaus 1994, 280–91). Its theoretical and political significance, however,

was far reaching.<sup>5</sup> It raised the question of an adequate theoretical framework for understanding the overarching transformation of capitalism<sup>6</sup>—which had consequences for whether this new phase of capitalism included the Soviet Union, and, reflexively, for the nature of a critical theory adequate to those historical changes.

This chapter will focus on Pollock’s argument in order to show its centrality to Critical Theory’s pessimistic turn. Analyzing his political–economic assumptions provides a different account than Habermas’s of the theoretical limits entailed by that turn and points to another way of getting beyond those limits. Elucidating Pollock’s theoretical presuppositions requires first discussing the term “traditional Marxism” as used here and elaborating on the significance of the notion of contradiction for a critical theory.

## 7.2 TRADITIONAL MARXISM; CONTRADICTION

Pollock’s analysis of the transformation of capitalism attempted to get beyond the limitations of traditional Marxism as a critique of twentieth-century capitalist modernity. As we shall see, however, his analysis also retained some of its basic assumptions. I use the term “traditional Marxism” to characterize a general framework that regards private ownership of the means of production and a market economy to be capitalism’s most fundamental social relations. Within this general interpretation, the fundamental categories of Marx’s critique, such as “value,” “commodity,” “surplus value,” and “capital,” are understood essentially as categories of the market and of the expropriation of the social surplus by a class of private owners (e.g. Sweezy 1942: 52–3; Dobb 1940: 70–71; Meek 1973: 303). The basic contradiction of capitalism is considered to be between these relations and the developed forces of production; its unfolding gives rise to the historical possibility of socialism, conceptualized as collective ownership of the means of production and economic planning.<sup>7</sup>

Note that the transition to socialism is considered in terms of a transformation of the mode of distribution—not, however, of production itself. On the contrary, production serves as the historical standard of the adequacy of the mode of distribution. The standpoint of traditional Marxism’s critique of capitalism is labor, understood transhistorically as an activity mediating humans

<sup>5</sup> Andrew Arato recognizes this (although his interpretation of the stakes is different than that presented in this essay) (Arato, 1978: 10–13).

<sup>6</sup> Horkheimer clearly expresses this view in a letter to Neumann, agreeing that, empirically, the situation in Germany is nowhere near that of state capitalism. Nevertheless, he maintains that society is moving toward that situation, which proves the value of Pollock’s construct in providing a basis for discussing current historical tendencies (Letter from Horkheimer to Neumann, August 2, 1941, cited in Wiggershaus, 1994: 285).

<sup>7</sup> For a critique of traditional Marxism based upon a reconceptualization of the categories of Marx’s critique of political economy and, hence, of his conception of capitalism’s most fundamental social relations, see Postone (1993). The analysis developed there provides the standpoint of the critique of Pollock and Horkheimer outlined in this chapter.

and nature, which is posited affirmatively as the source of wealth and the principle of social constitution in all societies—a conception criticized by Marx that I refer to as “labor” (Marx 1968: 164).<sup>8</sup> Within the framework of such an interpretation (which is closer to classical political economy than it is to Marx’s critique of political economy), Marx’s “labor theory of value” is taken to be a theory that demystifies capitalist society by revealing labor to be the true source of social wealth (Dobb 1940: 58; Nicolaus 1973: 46; Gamble and Walton 1972: 179). “Labor,” transhistorically understood, serves as the basis for a critique of capitalist society.

When socialism is conceptualized as a mode of distribution adequate to industrial production, that adequacy implicitly becomes the condition of general human freedom. Emancipation, in other words, is grounded in “labor.” It is realized in a social form where “labor,” freed from the fetters of “value” (the market) and “surplus value” (private property), has openly emerged and come to itself as the regulating principle of society (Hilferding 1974: 143; Reichelt 1970: 145). This notion, of course, is related to that of socialist revolution as the “self-realization” of the proletariat.<sup>9</sup>

The notion that capitalism is characterized by a systemic contradiction is significant—and not only for traditional Marxism. Although that conception has often been vulgarized, it is important for any social critique that attempts to be self-reflexive. A critical theory of society that assumes people are socially constituted must be able to explain the possibility of its own existence with reference to its own context if it is to remain consistent. Such a theory does not judge critically what “is” from a conceptual position that purports to be outside of its own social universe—whether in terms of loci deemed “outside,” or a purportedly transcendent “ought.” Instead, it must be able to locate its critical stance as a possibility immanent to its own context. That is, the critique must be able to show that its context generates the possibility of a critical stance toward itself, that the society of which it is a part is not a one-dimensional unitary whole. An analysis of the underlying social relations of modern society as contradictory could provide the theoretical basis for such a reflexive critique.

The notion of contradiction also provides the conceptual grounding for a central hallmark of capitalism as a form of social life—that it is uniquely dynamic. In Marx’s critique of political economy, the contradictory character of capitalism’s fundamental social forms (commodity, capital) underlies its ongoing, nonteleological dynamic. His approach grounds this unique dynamic in historically specific social terms—as opposed to all transhistorical theories of history, whether dialectical or evolutionary, that simply presuppose it or posit

<sup>8</sup>When enclosed in quotation marks, the term “labor” refers to that conception, criticized by Marx, which transhistorically ontologizes labor’s unique role in capitalism.

<sup>9</sup>It should be noted as an aside that, whereas traditional Marxism *affirms* labor as the standpoint of critique, according to this reading, labor in capitalism is the *object* of Marx’s critique of political economy.

an ungrounded notion of contradiction as a transhistorical feature of social life (Postone 1993: 286–306).

The significance of the notion of social contradiction thus goes far beyond its narrow interpretation as the basis of economic crises in capitalism. It should also not be understood simply as the social antagonism between classes. Social contradiction refers, rather, to the dynamic structure of capitalist society, to a self-generated “nonidentity” intrinsic to its social relations that do not, therefore, constitute a stable unitary whole (Postone 1993: 87–90, 286–306).<sup>10</sup> Grasping capitalism’s basic social relations as contradictory, then, allows for a critique that is both immanent and able to elucidate a historical dynamic intrinsic to that form of social life that points beyond itself. That possibility, rather than “labor,” serves as the standpoint of capitalism’s critique. Such an immanent critique is more fundamental than one that simply opposes the reality of modern capitalist society to its ideals.<sup>11</sup> It allows for theoretical self-reflexivity.<sup>12</sup>

To be adequate, then, the fundamental categories of a critique of capitalism must elucidate its social contradiction and adequately grasp the grounds of domination in capitalism, so that the historical abolition of what they express implies the possibility of historical freedom. As we shall see, attempts by Pollock, Horkheimer, and Adorno to analyze postliberal capitalism revealed that traditional Marxism’s categories do not adequately grasp the core of capitalism and the grounds of domination in that society; the contradiction expressed by those categories does not point toward an emancipated society. Nevertheless, although those theorists revealed the inadequacies of the traditional critique, they retained some of its underlying presuppositions. The combination of these two aspects of their approaches resulted in the pessimism of Critical Theory, a pessimism regarding the *possibility* of emancipation, not only its *probability*.

### 7.3 POLLOCK’S ANALYSIS OF CAPITALISM’S TRANSFORMATION

In the early 1930s, Friedrich Pollock, together with Gerhard Meyer and Kurt Mandelbaum, developed an analysis of capitalism’s transformation with the development of the interventionist state, which he extended in the course of the following decade. Pollock concluded, on the basis of the active role played

<sup>10</sup> “Structure” here refers to historically specific congealed social forms that are dynamic, forms that are constituted by and constitutive of practice. The term is not used here as it is within the framework of structuralism with its dualisms of *langue* and *parole*, structure and action, synchrony and diachrony.

<sup>11</sup> Opposing the reality of society to its ideals is frequently considered the central hallmark of an immanent critique, also within the tradition of Critical Theory. See, for example, Adorno (1976). Such an approach is not the same as the understanding of immanent critique presented here, which seeks to explain historically and socially both the ideals and the reality of society, rather than calling for the realization of its ideals.

<sup>12</sup> The possibility of theoretical self-reflexivity is intrinsically related to the socially generated possibility of other forms of critical distance and opposition—on the popular level as well. That is, the notion of social contradiction also allows for a theory of the historical constitution of popular forms of opposition that point beyond the bounds of the existent order.

by states in the face of the Great Depression and Soviet planning, that the political sphere had superseded the economic as the locus of economic regulation and articulation of social problems. He characterized this shift as one toward the primacy of the political over the economic (Pollock 1941b). This notion, which then became widespread in the decades following World War II, implies that Marx's categories may have been valid for *laissez-faire* capitalism, but have since become anachronistic as a result of successful state intervention in economic processes. Such a position appeared plausible in the postwar decades,<sup>13</sup> but has been rendered questionable by the subsequent global crisis of state-interventionist economies and the emergence of neoliberal global capitalism. These later historical developments do not call into question Pollock's insight that the development of the interventionist state entailed far-reaching economic, social, and political changes. They do, however, suggest that the theoretical framework with which he analyzed those changes must be reexamined.

Pollock's analysis of the transformation of capitalism developed in two, increasingly pessimistic, phases. In 1932–33, Pollock characterized capitalist development in traditional Marxist terms, as a growing contradiction between the forces of production and private appropriation mediated by the “self-regulating” market (Pollock 1932: 21). This growing contradiction culminated in the Great Depression, which marked the final end of the era of liberal capitalism (Pollock 1932: 10, 15; Pollock 1933: 332; 350). The development of free market capitalism had given rise to the possibility of a centrally planned economy (Pollock 1932: 19–20). Yet—and this was the decisive point—this need not be socialism. Pollock argued that a *laissez-faire* economy and capitalism were not necessarily identical; neither were socialism and planning (Pollock 1932: 16). Instead, he distinguished between a capitalist planned economy based on private ownership of the means of production, and a socialist planned economy marked by social ownership of the means of production (Pollock 1932: 18). In both cases, the free market would be replaced by state regulation (Pollock 1933: 350); the difference between capitalism and socialism in an age of planning had become reduced to that between private and social ownership of the means of production. However, even the determination of capitalism in terms of private property had become ambiguous (Pollock 1933: 338, 345–6, 349). It was effectively abandoned in Pollock's later essays, in which the theory of the primacy of the political was fully developed.

In those essays, “State Capitalism” and “Is National Socialism a New Order?” Pollock characterized the newly emergent order as state capitalism. Proceeding ideal-typically, he opposed totalitarian and democratic state capitalism as the two primary ideal types of this new social order (Pollock 1941a: 200).<sup>14</sup> In the totalitarian form, the state is controlled by a new ruling stratum, consisting of leading bureaucrats in business, state, and party; in the democratic form, it is

<sup>13</sup>For versions of this position see Habermas, 1971; Bell, 1976.

<sup>14</sup>In 1941, Pollock included the Soviet Union as a state-capitalist society (Pollock, 1941a: 211 n.1).



controlled by the people (Pollock 1941a: 201). When stripped of those aspects specific to totalitarianism, Pollock's analysis of fundamental changes in the relation of state to civil society constitutes the political-economic dimension of a general critical theory of postliberal capitalism, which was developed more fully by Horkheimer, Marcuse, and Adorno.

The central characteristic of state capitalism, according to Pollock, is the supersession of the economic by the political sphere. Although a market, a price system, wages, and the legal institution of private property may still exist, their economic functions have been effectively abolished (Pollock 1941a: 204, 208–9; Pollock 1941b: 442, 444). Instead, the state now balances production and distribution (Pollock 1941a: 201). Consequently, for all practical purposes, economic “laws” no longer are operative; an autonomous, self-moving economic sphere no longer exists (Pollock 1941a: 208–9). Political problems of administration have replaced economic ones of exchange (Pollock 1941a: 217).

This transition, according to Pollock, has broad social implications. Under liberal capitalism the market determined social relations. Hence, people and classes confronted one another as quasi-autonomous agents in the public sphere; the rules governing the public sphere were mutually binding, however unjust and inefficient the system may have been. This impersonal legal realm was constitutive of the separation of the public and private spheres, and the formation of the bourgeois individual (Pollock 1941a: 207; Pollock 1941b: 443, 447). Under state capitalism, however, the state becomes the main determinant of social life (Pollock 1941a: 206). Market relations are replaced by those of a command hierarchy in which technical rationality takes the place of law. Individuals and groups, no longer autonomous, are subordinated to the whole; the impetus to work is effected by political terror or by psychic manipulation (Pollock 1941b: 448–9).

Both the market and private property—capitalism's basic social relations, traditionally understood—have been effectively abolished in state capitalism, according to Pollock. Nevertheless, the consequences of that abolition have not been emancipatory. Expressing this view in terms of Marx's categories, Pollock maintained that production in state capitalism no longer is commodity production, but is for use; yet this did not guarantee that production served “the needs of free humans in a harmonious society” (Pollock 1941b: 446). Pollock's analysis of the nonemancipatory character of state capitalism and his claim that a return to liberal capitalism was impossible, raised the question of whether state capitalism could be overcome (Pollock 1941b: 452–5). This possibility could not be immanent to the unfolding of capitalism's contradiction since that contradiction presumably had been overcome (Pollock 1941a: 217; Pollock 1941b: 454). Instead, Pollock attempted to address this issue by sketching the beginnings of a theory of political crises.

Because state capitalism arose as a response to the economic ills of liberal capitalism, its primary tasks would be to develop the forces of production and maintain full employment while preserving the old social structure (Pollock

1941a: 203). Mass unemployment would result in a political crisis of the system. Totalitarian state capitalism must, additionally, maintain the pressures of daily life on the population and not allow the standard of living to rise appreciably (Pollock 1941a: 220). Only a permanent war economy could achieve these tasks simultaneously, according to Pollock. Democratic state capitalism could maintain a high standard of living, but Pollock viewed it as an unstable form that would devolve either toward totalitarian state capitalism or toward socialism (Pollock 1941a: 219, 225). The prospects of the latter, however, appeared remote, given Pollock's thesis of the manageability of the economy and his argument that a policy of military "preparedness," which allows for a permanent war economy without war, is a hallmark of the state capitalist era (Pollock 1941a: 220).

#### 7.4 THE LIMITS OF THE TRADITIONAL CRITIQUE

Pollock's analysis is problematic and, yet, revealing. He treated liberal capitalism as characterized by a historical dynamic, driven by a contradiction between its forces and relations of production, which had given rise to the possibility of a planned society as its historical negation. His treatment of state capitalism, however, did not indicate an intrinsic historical dynamic out of which the possibility of another social formation might emerge.

This difference followed from Pollock's understanding of the economic sphere. We have seen that he conceptualized it in terms of the quasi-automatic, market-mediated coordination of needs and resources (Pollock 1941a: 203; Pollock 1941b: 445ff). Relatedly, he interpreted the commodity as a good that is circulated by the market; otherwise it is a use value. This implies an understanding of the Marxian category of value—purportedly the fundamental category of capitalism—solely as a market category. Pollock, then, understood the economic sphere and the Marxian categories in terms of the mode of *distribution* alone (the market, private property).<sup>15</sup> According to such an interpretation, when the state supplants the market as the agency of distribution, a conscious mode of distribution and social regulation replaces the non-conscious, economic mode (Pollock 1933: 345ff; Pollock 1932: 15; Pollock 1941a: 217). Since the idea of an intrinsic historical dynamic implies a logic of development beyond conscious control, the supersession of the market by state planning, within the framework of Pollock's analysis, signifies the end of any blind historical logic. Pollock's notion of the primacy of the political thus refers to an antagonistic yet noncontradictory society, possessing no intrinsic dynamic that could point toward the immanent possibility of its historical negation—a notion that implicitly relegates Marx's notion of capitalism's contradictory character to the period of liberal capitalism.

<sup>15</sup> Marx explicitly refers to property relations as well as the market as aspects of the mode of distribution (Postone, 1993: 22).

This analysis reveals the limits of a traditional critique of capitalism. Pollock argued that, in state capitalism, the Marxian category of value had been superseded, commodity production had been replaced by use-value production, and private property had effectively been abolished. Yet the results did not constitute the foundation of a “good society.” On the contrary, it could and did lead to forms of greater oppression. This suggests that value and commodity, traditionally understood, are not critical categories adequate to capitalism, for their abolition did not signify the overcoming of domination and the abolition of capitalism.

Moreover, we have seen that, according to Pollock, capitalism—as state capitalism—could exist without the market and private property. These, however, are two of its essential characteristics as defined by traditional Marxist theory. What, in the absence of those “relations of production,” characterizes the new configuration as capitalist? The logic of Pollock’s interpretation should have led to a fundamental reconsideration: If the market and private property are, indeed, the capitalist relations of production, the ideal-typical postliberal form should not be considered capitalist. On the other hand, characterizing the new form as capitalist, in spite of the (presumed) abolition of those relational structures, implicitly demands a different understanding of the relations of productions essential to capitalism. It calls into question identifying the market and private property with the essential relations of production—even for capitalism’s liberal phase. Pollock, however, did not undertake such a fundamental reconsideration. Instead he accepted the traditional understanding of the relations of production and of Marx’s categories but limited their validity to capitalism’s liberal phase. This gave rise to theoretical problems that point to the necessity for a more radical reexamination of the traditional theory. If one maintains that capitalism possesses successively different “relations of production,” one implicitly posits a core of that social formation that is not fully grasped by any of those relations. This indicates, however, that capitalism’s basic relations of production have not been adequately specified. In other words, Pollock’s analysis has the important, if unintended, consequence of indicating that the Marxian categories, when understood traditionally, do not adequately grasp the core of capitalism.

It is, therefore, not surprising that Pollock could not adequately justify his characterization of postliberal society as capitalist. He did speak of the continued importance of profit interests, but dealt with the category of profit indeterminately, as a subspecies of power. This simply emphasized the political character of state capitalism without further elucidating its capitalist dimension (Pollock 1941a: 201, 205, 207). The ultimate ground for Pollock’s characterization of postliberal society as state capitalism is that it remains antagonistic, that is, a class society (Pollock 1941a: 201, 219). The term “capitalism,” however, requires a more specific determination than that of class antagonism, for all historical forms of society have been antagonistic in the sense that the social surplus is expropriated from its immediate producers and not used for the benefit of all. A notion of state capitalism necessarily implies that what is being

regulated politically is capital; it demands, therefore, a concept of capital. Such considerations, however, are absent in Pollock's treatment. These weaknesses indicate again the limits of Pollock's traditional point of departure: locating the relations of production in the market and private property—that is, only in the sphere of distribution.

### 7.5 LABOR'S SIGNIFICANCE REVERSED

It should be clear, however, that a critique of Pollock, such as Neumann's, which remains within the framework of traditional Marxism, is not adequate to the fundamental issues raised by his analysis. Neumann's critique reintroduced a dynamic to capitalism by pointing out that market competition and private property did not disappear or lose their functions under state-interventionist capitalism. However, his critique did not address the fundamental problem Pollock raised—whether the abolition of those “relations of production” is indeed a sufficient condition for an emancipated society. We have seen that Pollock's approach, in spite of its weaknesses, inadvertently showed that the traditional Marxist understanding of the relations of production and of Marx's categories does not adequately grasp the core of capitalism. Moreover, his refusal to consider the new social configuration merely as one that is not-yet-fully socialist and, relatedly, his focus on technical rationality, a command hierarchy, and the undermining of the autonomous individual, highlighted new, more negative modes of political, social, and cultural domination in twentieth-century capitalist modernity not grasped by a focus on the market and private property, and allowed him to include the Soviet Union within the purview of his critique. Furthermore, treating state capitalism as an antagonistic form of society that does not possess an intrinsic contradiction and, hence, immanent dynamic, Pollock's approach had the unintended heuristic value of drawing attention to the difference between the Marxian notion of contradiction as a hallmark of the capitalist social formation and the notion of class antagonism. It was precisely because of these far-reaching implications that Pollock's approach was essentially adopted by mainstream Critical Theory.

It is the case that, although Pollock's analysis implied the need for a fundamental rethinking of the critique of capitalism, he did not adequately undertake such a reconsideration. Nevertheless, it points toward a rereading of Marx's mature critique of political economy that allows for a fundamentally different critique of capitalism.<sup>16</sup> According to this rereading, far from simply being a category of market-mediated wealth, value refers to a form of wealth that is historically specific to capitalism and is temporal—a function of human labor time expenditure. As developed in the form of capital, it is constitutive of the historically unique temporal dynamic at the heart of capitalism, which exerts an abstract form of domination that cannot adequately be grasped in

<sup>16</sup>For this rereading, see Postone 1993.

terms of the market or simply as class domination. The value form of wealth at the heart of the dynamic is constituted by a historically specific role that labor plays in capitalism—not as the activity mediating humans and nature, but as a quasi-objective form of mediation that is peculiar to that form of social life. This analysis provides the basis for a critical examination of runaway growth in capitalism as well as the growing anachronism of proletarian labor. Far from being a critique *from the standpoint of* labor, Marx's critique is *of* labor—of the historically specific mediating role it plays in capitalism. Rather than the *realization* of labor, it points to the possible *overcoming* of proletarian labor and the socially mediating role played by labor in capitalism.

Pollock, as we have seen, did not undertake such a fundamental rethinking but, instead, attempted to get beyond the limitations of traditional Marxism while retaining its understandings of value and “labor.” Significantly for the course of Critical Theory, this approach implicitly resulted in a reversal in the theoretical evaluation of the latter. Pollock's analysis that the contradiction between production and private property/the market had been overcome implied that “labor” had come to itself and the totality had been realized. That the result was anything but emancipatory must therefore be rooted in the character of “labor” and the totality it constitutes. Whereas “labor” had been regarded as the locus of freedom, it now implicitly became considered a source of domination. (Neither traditional Marxism nor Pollock's critique grasped Marx's analysis of the historically specific character of labor in capitalism, with its many ramifications.)

## 7.6 HORKHEIMER'S THEORETICAL SHIFT

The reversal regarding “labor” implied by Pollock's analysis was central to Critical Theory's subsequent association of “labor” with instrumental or technological rationality and entailed a shift in the nature of its critique. The broader implications and problematic aspects of this shift become evident when the developments of Horkheimer's and Adorno's conceptions of Critical Theory are examined.<sup>17</sup>

The transformation of Critical Theory has been characterized in terms of the supersession of the critique of political economy by the critique of politics, of ideology, and of instrumental reason, a shift frequently understood as one from a critical analysis focused on only one sphere of social life to a broader and deeper approach. Yet an examination of Pollock's analysis as well as those of other theorists of the Frankfurt School indicate that, from the very beginning, they viewed the economic, social, political, legal, and cultural dimensions

<sup>17</sup>Others have also noted the influence of Pollock's thesis on the positions crystallized by Horkheimer and Adorno in *Dialectic of Enlightenment*. However, they tend to focus on the shift from the critique of economy to that of the political/administrative realm without, at the same time, noting the relation between the implications of Pollock's argument for the transmutation of the notion of “labor” from a source of liberation to one of a form of domination structured by instrumental rationality. See, for example, Benhabib, 1986: 158–171; Hohendahl, 1992: 76–100.

of life in capitalism as interrelated; they did not grasp the critique of political economy in an economic, reductionist manner. What changed theoretically in the period of 1939–41 was not a broadening of their critique, but the expression of a shift, whereby the new phase of capitalism became understood as a noncontradictory social whole. The Frankfurt School's subsequent critique of ideology and of instrumental reason was directly tied to this understanding of postliberal capitalism.

The relation between the state capitalism thesis and the transformation of Critical Theory can be seen when two essays written by Horkheimer in 1937 and 1940 are compared. In his classic 1937 essay, "Traditional and Critical Theory," Horkheimer still grounded Critical Theory in the contradictory character of capitalist society. At the center of this essay is the notion that perception and thought are molded sociohistorically; both subject and object are socially constituted (Horkheimer 1975: 201). On this basis, Horkheimer contrasted "traditional" and "critical" theory, analyzing Descartes as the arch-representative of the former. Traditional theory, according to Horkheimer, does not grasp the socially constituted character and historicity of its social universe, and, hence, the intrinsic interrelatedness of subject and object (Horkheimer 1975: 199, 204, 207). Instead it assumes the essential immutability of the relation of subject, object, and theory. Consequently, it is unable to think the unity of theory and practice (Horkheimer 1975: 211, 231). In a manner reminiscent of Marx's analysis of "fetishism" while also drawing on Georg Lukács's reading of Marx's categories as forms of both social subjectivity and objectivity (Lukács 1971), Horkheimer sought to explain this hypostatized dualism as a social and historical possibility by relating it to forms of appearance that veil the fundamental core of capitalist society (Horkheimer 1975: 194–5, 197, 204).<sup>18</sup>

At its core, capitalist society is a social whole constituted by labor that could be rationally organized, according to Horkheimer. Yet market mediation and class domination based on private property impart to it a fragmented and irrational form (Horkheimer 1975: 201, 207, 217). Consequently, capitalist society is characterized by blind mechanical necessity and by the use of human powers for controlling nature in the service of particular interests rather than for the general good (Horkheimer 1975: 229, 213). Although capitalism once had emancipatory aspects, it now increasingly hinders human development and drives humanity toward a new barbarism (Horkheimer 1975: 212–3, 227). A growing contradiction emerges between the social totality constituted by labor, on the one hand, and the market and private property, on the other.

This contradiction, according to Horkheimer, constitutes the condition of possibility of Critical Theory as well as the object of its investigation. Critical

<sup>18</sup> Horkheimer's social theory of knowledge, which leans heavily on Marx in this essay, has been interpreted—incorrectly in my view—by Wolfgang Bonß as a functionalist account of consciousness. Relatedly, Bonß's account of the limits reached by Horkheimer's attempt at "interdisciplinary materialism" overlooks the centrality of the political-economic dimension to that attempt (Bonß, 1993: 122).

Theory does not accept the fragmented aspects of reality as given, but seeks to understand society as a whole, which involves grasping what fragments the totality and hinders its realization as a rational whole. By analyzing capitalism's intrinsic contradictions, Critical Theory uncovers the growing discrepancy between what is and what could be (Horkheimer 1975: 207, 219). It thus rejects the acceptance of the given, as well as its utopian critique (Horkheimer 1975: 216). Social production, reason, and human emancipation are intertwined, and provide the standpoint of a historical critique in this chapter. A rational social organization serving all its members is, according to Horkheimer, a possibility immanent to human labor (Horkheimer 1975: 213, 217).

The immanent critique outlined by Horkheimer in "Traditional and Critical Theory" is a sophisticated and self-reflexive version of traditional Marxism. The forces of production are identified with the social labor process, which is hindered from realizing its potential by the market and private property. Whereas for Marx the constitution of social life in capitalism is a function of labor mediating the relations among people as well as the relations between people and nature, for Horkheimer it is a function of the latter mediation alone, of "labor." The standpoint of his critique of the existing order in the name of reason and justice is provided by "labor" as constitutive of the totality. Hence, the object of critique is what hinders the open emergence of that totality. This positive view of "labor" and of the totality later gave way in Horkheimer's thought to a more negative evaluation once he considered the relations of production to have become adequate to the forces of production. In both cases, however, he conceptualized labor transhistorically as "labor."

It should be noted that, in "Traditional and Critical Theory," Horkheimer continued to analyze the social formation as essentially contradictory long after the National Socialist defeat of working-class organizations. That is, his understanding of contradiction referred to a deeper structural level than that of immediate class struggle. Thus, he claimed that, as an element of social change, Critical Theory exists as part of a dynamic unity with the dominated class but is not immediately identical with the current feelings and visions of that class (Horkheimer 1975: 214–5). Because Critical Theory deals with the present in terms of its immanent potential, it cannot be based on the given alone (Horkheimer 1975: 219, 220).

Horkheimer did claim that capitalism's changed character demanded changes in the *elements* of Critical Theory and drew attention to new possibilities for conscious social domination resulting from the increased concentration and centralization of capital. He related this change to a historical tendency for the sphere of culture to lose its previous position of relative autonomy and become embedded more immediately in the framework of social domination (Horkheimer 1975: 234–7). Horkheimer thereby laid the groundwork for a critical focus on political domination, ideological manipulation, and the culture industry. Nevertheless, he insisted that the *basis* of the theory remained unchanged inasmuch as the basic economic structure of society had not changed (Horkheimer 1975: 234–5). That is, despite the defeat of

working-class organizations by Fascism, Horkheimer did not yet express the view that capitalism's contradiction had been overcome. In the 1930s, he was skeptical of the *probability* that a socialist transformation would occur in the foreseeable future but the *possibility* of such a transformation remained, in his analysis, immanent to the contradictory capitalist present. The character of Horkheimer's critique changed later, following the outbreak of World War II, and was related to the change in theoretical evaluation expressed by Pollock's notion of the primacy of the political.

In "The Authoritarian State," Horkheimer characterized the new form of capitalism as "state capitalism ... [,] the authoritarian state of the present" (Horkheimer 1978: 96) (translation emended). His analysis was basically similar to Pollock's, although Horkheimer more explicitly referred to the Soviet Union as the most consistent form of state capitalism (Horkheimer 1978: 101–2). All forms of state capitalism are repressive, exploitative, and antagonistic according to Horkheimer. Although not subject to economic crises, inasmuch as the market had been overcome, they are, nevertheless, ultimately unstable (Horkheimer 1978: 97, 109–10).

In this essay, Horkheimer expressed a new, deeply ambiguous attitude toward the forces of production. On the one hand, some passages in "The Authoritarian State" still described the forces of production, traditionally interpreted, as potentially emancipatory. For instance, Horkheimer argued that the forces of production, rather than being used to satisfy human needs, are consciously held back in the interests of domination, and claimed this would result in an international political crisis and the constant threat of war (Horkheimer 1978: 102–3). The essay's dominant tendency, however, is to maintain that no contradiction exists between the developed forces of production (traditionally understood) and authoritarian political domination. The forces of production, freed from the constraints of the market and private property, have not proved to be the source of freedom and a rational social order (Horkheimer 1978: 112). On the contrary, Horkheimer now wrote that, although the development of productivity *may* have increased the possibility of emancipation, it certainly *has* led to greater repression (Horkheimer 1978: 106–7, 109, 112).

"The Authoritarian State" signaled a turn to a pessimistic theory of history. Horkheimer now maintained that the laws of historical development, driven by the contradiction between the forces and relations of production, had led only to state capitalism (Horkheimer 1978: 107). Perhaps with the Soviet Union in mind, he radically called into question any social uprising based on the development of the forces of production (Horkheimer 1978: 106), and reconceptualized the relation of emancipation and history by according social revolution two moments:

Revolution brings about what would also happen without spontaneity:

the societalization of the means of production, the planned management of production and the unlimited control of nature. And it also brings about what



would never happen without resistance and constantly renewed efforts to achieve freedom: the *end of exploitation*. (Horkheimer 1978: 106)

Horkheimer here fell back to a dualistic position regarding the relation of history and freedom. He now presented history deterministically, as an automatic development in which labor comes to itself, but not as the source of emancipation. Relatedly, he no longer considered freedom a determinate historical possibility but treated it as historically indeterminate: “Critical Theory ... confronts history with that possibility which is always visible within it” (Horkheimer 1978: 106). He now regarded freedom in a purely voluntarist fashion, as an act of will against history (Horkheimer 1978: 107–8, 114, 117).<sup>19</sup> Horkheimer’s notion of the relation of history and emancipation had become dualistic—the opposition of necessity and indeterminacy.

In conceptualizing state capitalism as a form in which the contradictions of capitalism had been overcome, Horkheimer revealed the inadequacy of traditional Marxism as a historical theory of emancipation. Yet he also remained too bound to its presuppositions to undertake a deeper reconsideration that would allow for a more adequate critical theory. This dichotomous theoretical position, expressed by the dualistic opposition of emancipation and history, undermined Horkheimer’s earlier, self-reflexive epistemology. We have seen that in 1937, Horkheimer’s theory of knowledge was based on a contradiction between “labor” as the principle of social constitution and the relations of production that prevent it from fully realizing itself. In 1940, however, Horkheimer treated the contradictions of capitalism to have only been the motor of a repressive development, which he expressed categorially by claiming that “the self-movement of the concept of the commodity leads to the concept of state capitalism just as for Hegel the certainty of sense data leads to absolute knowledge” (Horkheimer 1978: 108). Horkheimer now argued that the dialectic of Marx’s categories was like a Hegelian dialectic in which the contradictions lead to the self-unfolded realization of the Subject as totality. This could only result in the affirmation of the existing order. If emancipation can no longer be grounded in a determinate historical contradiction, a critical theory with emancipatory intent must also take a step outside of history.

The result was a series of ruptures. Horkheimer not only located emancipation outside of history but, to save its possibility, now introduced a disjunction between concept and object: “The identity of the ideal and reality is universal exploitation ... The difference between concept and reality—not the concept itself—is the foundation for the possibility of revolutionary praxis” (Horkheimer 1978: 108–9). This step was rendered necessary by Horkheimer’s analysis of state capitalism within the framework of a traditional Marxist understanding of the categories and of “labor.” As indicated above, an immanent social critique

<sup>19</sup>This antinomial opposition of historical necessity and freedom, rooted in the state capitalism thesis, paralleled the dualism expressed by Walter Benjamin in his “Theses on the Philosophy of History” (Benjamin, 1969: 253–64).

must show that its object—its social context—and, hence, the categories that grasp that object, are not unidimensional. The notion that the contradictions of capitalism do not point to the possibility beyond the extant order of an emancipated society implies however that, for all practical purposes, the social order has become one-dimensional. Within such a framework, the “ought” is no longer an immanent aspect of a contradictory “is.” Given this theoretical framework, Horkheimer now posited the difference between concept and actuality in order to allow for another possibility.

Horkheimer’s position—that critique cannot be grounded in any concepts (such as “commodity”)—necessarily posits indeterminacy as the basis of the critique. Such a position must assume that the totality does not subsume all of life and, hence, that the possibility of emancipation, however dim, is not extinguished. Yet this position cannot point to the possibility of a determinate negation of the existing social order and has no way of accounting for itself reflexively as a determinate possibility and, hence, as a critical theory adequate to its social universe.<sup>20</sup>

Horkheimer’s Critical Theory could have retained its self-reflexive character only if it would have undertaken a fundamental reconsideration of the traditional understanding of capitalism. Horkheimer, however, did not undertake such a reconsideration. The resulting disjunction of concept and actuality rendered his position similar to that which he had criticized earlier in traditional theory: Theory is not understood as a part of the social universe in which it exists, but is accorded a spurious independent position. Horkheimer’s notion of the disjunction of concept and reality cannot explain itself.

The dilemma entailed by Horkheimer’s pessimistic turn retrospectively highlights a weakness in his earlier, apparently consistent epistemology. In “Traditional and Critical Theory,” the possibility of fundamental critique, as well as of the overcoming of capitalism, was grounded in the contradictory character of that society. As we have seen, that contradiction was interpreted as one between social “labor” and those relations that fragment its totalistic existence and inhibit its full development. According to such an interpretation, Marxian categories such as “value” and “capital” express those inhibiting social relations as categories of the mode of distribution. This means, however, that they ultimately are extrinsic to “labor” itself. In other words, when the concepts of commodity and capital are understood only in terms of the market and private property, they do not really express the contradictory character of the social totality. Instead, they grasp only one dimension of that totality—the relations of distribution—which eventually comes to oppose its other dimension—social “labor.” The categories, so interpreted, then, are essentially one-dimensional from the very beginning. This implies that, even in Horkheimer’s earlier essay, the critique is external to, rather than grounded in, the categories. It is a critique of the social forms expressed by the categories from the standpoint of “labor.” Once, given the repressive results of the

<sup>20</sup>This weakness of later Critical Theory is characteristic of poststructuralist thought as well.

abolition of the market and private property, “labor” no longer appeared to be the basis of emancipation, the previous weakness of the theory emerged overtly as a dilemma.

In spite of its apparently dialectical character, then, Horkheimer’s earlier Critical Theory also did not succeed in grounding itself as critique in the concepts immanent to capitalist society. Earlier, we saw that the weakness of Pollock’s attempt to characterize postliberal society as state capitalism reveals that the traditional understanding of the capitalist relations of production in terms of the market and private property had always been inadequate. Similarly, the limits of Horkheimer’s self-reflexive social theory reveal the inadequacy of a critical theory based on a notion of “labor.” Because Horkheimer became aware of the inadequacy of traditional Marxism without reconsidering the category of “labor,” the result, as we have seen, was a reversal of an earlier traditional position.<sup>21</sup> From being the ground of emancipation in 1937, “labor” in 1940 became the basis of domination. Horkheimer’s evaluation of the relationship between production and emancipation became more unequivocally negative in *Dialectic of Enlightenment* (1944) and *Eclipse of Reason* (1946): “Advance in technical facilities for enlightenment is accompanied by a process of dehumanization” (Horkheimer 1974: vi). He claimed that the nature of social domination had changed and increasingly had become a function of technocratic or instrumental reason, which he essentially grounded in “labor” (Horkheimer 1974: 21).<sup>22</sup> The optimistic version of traditional Marxism and Critical Theory’s pessimistic critique share the same understanding of labor in capitalism as “labor.”

## 7.7 ADORNO’S PARALLEL SHIFT

Adorno’s thought in the early 1940s, like Horkheimer’s, was deeply marked by the state capitalism thesis. Although Adorno did, at times, express skepticism toward that thesis,<sup>23</sup> his 1942 essay “Reflections on Class Theory” strongly paralleled Pollock and Horkheimer’s arguments regarding state capitalism

<sup>21</sup> In his in-depth examination of Horkheimer’s trajectory from his early writings to the *Dialectic of Enlightenment*, John Abromeit treats it as a movement from a “historically specific” and “socially grounded” approach to one that treats social domination transhistorically and the history of philosophy in an undifferentiated manner (Abromeit 2011: 395–415). This certainly captures an important dimension of Horkheimer’s intellectual trajectory. However, Abromeit overlooks the transhistorical conception of “labor” at the heart of Horkheimer’s earlier “historically specific” analysis and, hence, the internal logic leading to his later identification of “labor” with instrumental action.

<sup>22</sup> Horkheimer did assert that the decline of the individual and the dominance of instrumental reason should not be attributed to production as such, but to the forms of social relations in which it occurs. However, his notion of such forms remained empty; he treated technological development in a historically and socially indeterminate manner, as the domination of nature (Horkheimer, 1974: 153). In spite of his disclaimer then it could plausibly be argued that he did indeed asocial instrumental reason and “labor” (Horkheimer, 1974: 21, 50, 102).

<sup>23</sup> Letter from Adorno to Horkheimer, June 6, 1941, cited in Wiggershaus, 1994: 282.

(Adorno 2003).<sup>24</sup> In that essay, Adorno also argued that capital had entered a new phase—which he termed “monopoly capitalism”—that has superseded the “market economy,” and has put an end to the “episode of liberalism” (Adorno 2003: 99–100). This transition, according to Adorno as well, has had important social, political, and theoretical implications. He described the liberal market-centered phase of capitalism as one characterized by the “undisturbed autonomous running of the mechanisms of the economy” (Adorno 2003: 104). In this phase of capitalism, marked by the quasi-objective, impersonal workings of the economy, “the bourgeois class really is an anonymous and unconscious class ... [B]oth it and the proletariat are dominated by the system” (Adorno 2003: 104). A determinate form of social subjectivity is, moreover, a concomitant of liberal capitalism: the “autonomy of the market economy” and “bourgeois individuality” are intrinsically related (Adorno 2003: 108).

The historical development of liberal capitalism, based on competition, equal rights, and equal opportunities (Adorno 2003: 98, 99), however, had not led in an emancipatory direction, but to a new, direct form of class domination (Adorno 2003: 99, 100). Whereas in liberal capitalism, the bourgeois class had been governed by the system, in this new phase the ruling class “rules through the system and ultimately dominates it” (Adorno 2003: 104).

This new ruling class consists of the upper reaches of the bourgeoisie, who control and dominate the smaller bourgeoisie as well as the proletariat (Adorno 2003: 99). Adorno referred to this form of direct domination by a small group of the large bourgeoisie as the rule of gangs and rackets (Adorno 2003: 100). The new political-economic-social-cultural framework of monopoly capitalism is totalizing; it entails the “total organization of society by big business and its ubiquitous technology” (Adorno 2003: 96). The growing opposition between a few owners and an overwhelming mass of the expropriated does not, paradoxically, appear “glaringly obvious,” but—foreshadowing the “Culture Industry” argument of *Dialectic of Enlightenment*—“has been conjured out of existence by the mass society in which class society has culminated” (Adorno 2003: 99).

“Mass society,” then, is not simply a matter of the entrance of the masses onto the historical stage, but is the form of social life under monopoly capitalism. It combines direct domination, hierarchy, homogenization, and integration. Its emergence, ironically, was also aided and abetted by working-class movements and parties, which reproduced the hierarchical divisions that characterize this new phase of capitalism (Adorno 2003: 100). This counterdemocratic development has been accompanied by a significant decline in the intellectual level and adequacy of theory (by which Adorno meant Marxism); it became ideology, an article of faith (Adorno 2003: 102, 105). Working-class parties reified the concept of class and no longer treated categories such as oligarchy, integration, and

<sup>24</sup>The analysis of Adorno’s essay presented here is intended as a contribution to the prehistory of *Dialectic of Enlightenment* and does not claim that his later work retained the same theoretical presuppositions and framework.

the division of labor as aspects of the history of domination—in part because those features increasingly characterized the structure of working-class parties themselves (Adorno 2003: 101). Lacking critical self-reflexivity, the mass party contributed to the historical emergence of a new form of direct domination, to the “naked domination by cliques” (Adorno 2003: 102). The society based on exchange had been superseded by one that “turns all men into administrative objects of the monopolies” (Adorno 2003: 105).

The prospects of a mass movement against this development had become bleak, although the form of domination had become more overt. Movements for fundamental change now seem to have been phenomena of the earlier phase of capitalism, for the new phase “has taken such utter possession of the world and the imagination that to conceive of the idea that this might be otherwise calls for an almost hopeless effort” (Adorno 2003: 96). If the historical emergence of the autonomous individual had been intrinsically related to liberal capitalism, a new form of personhood has now been constituted: “domination has become an integral part of human beings. They do not need to be ‘influenced’ as liberals ... are wont to imagine” (Adorno 2003: 109). Rather, “[t]he totalizing character of society ... does not just take utter possession of its members but creates them in its own image” (Adorno 2003: 109).

Adorno, then, described the transition from liberal capitalism as one from a social organization based on competition, equal rights, equal opportunities and individualism (Adorno 2003: 98, 99, 100, 104), and governed by anonymous economic laws with an intrinsic dynamic (Adorno 2003: 102) to one in which there no longer is an autonomous market, the ruling class is no longer dominated by the system, but dominates it, and people become fully integrated as cogs into a system of direct social domination (Adorno 2003: 104).

Like Pollock, then, Adorno equated the categories of the critique of political economy with a critique of liberal modes of distribution. Within such a conceptual framework, the transition to “monopoly capitalism” suggests that important aspects of Marx’s critique no longer are adequate historically. Consequently, the critique of capitalist modernity must be modified, particularly with reference to the relation of domination and economy.

In order to save what Adorno considered the thrust of Marx’s critique, he pushed aside the political–economic dimension of the categories and claimed that the concept of class is at the center of the critique of capitalism (Adorno 2003: 97). In the new phase of capitalism, class domination continues to exist but—and this is crucial—it no longer is rooted in political–economic social forms: “Class domination [in monopoly capitalism] is set to outlive the anonymous objective form of the class” (Adorno 2003: 97, translation emended). Relatedly, Adorno claimed that the Marxian theory of the immiseration of the proletariat depended on the unimpeded economic organization of social life. However, with the supersession of liberal by monopoly capitalism, that is no longer the case. The living standard of the lower classes has risen but that improvement has not been grounded in the workings of the economy, according to Adorno, but is actually a “tip,” a result of conscious decisions made by

the ruling class in order to stabilize the system. That is, for Adorno, the factors improving the economic situation of the lower classes have been outside the system of political economy. Although extra-economic, they are central to the history of domination. They result from political decisions and express the system's consciousness of the conditions of its "perpetuation," of its "self-preservation." (Adorno 2003: 104–5, translation emended).

With the historical emergence of monopoly capitalism, then, the critique of class has become a critique of direct social domination separate and separable from political-economic forms. And this form of domination, according to Adorno, is transhistorical. That is, in this essay, Adorno identified Marx's analysis of the system of abstract domination that dominates both the bourgeois class and the proletariat with the sphere of circulation in liberal capitalism (Adorno 2003: 104). He, in effect, treated Marx's analysis of that system by means of the categories of commodity and capital as referring to a relatively brief historical interlude. (The category of capital simply drops out.) Consequently, he saw the emergence of (apparently) direct, concrete domination in "monopoly capitalism" as casting a light on the centrality of class domination to history as a whole (Adorno 2003: 94). It is, in a sense, a *reemergence* of the form in which social domination has existed transhistorically (with the anomalous exception of liberal capitalism). Appropriating Marx's brief remarks in his *Introduction to the Critique of Political Economy* (Marx 1987: 264), Adorno asserted that it is precisely this feature of the latest stage of capitalism that reveals all of history up to now as having been "pre-history" (Adorno 2003: 94–6). That is, "pre-history"—human history until now—has been characterized by class domination, by a "coercive organization designed for the appropriation of the labor of others" (Adorno: 2003, 93).

Hence, the dynamism of history, which according to Adorno, is mimicked by Marxism, is only one side of the dialectic; the other, "less popular" aspect of the dialectic is its static side (Adorno 2003: 94, 95). This "static side" appears to be the perpetuation of domination. Echoing Walter Benjamin's "Theses on the Philosophy of History" (Benjamin 1969), Adorno writes that "[w]ithin the sphere of influence [*Bannkreis*] of the system, the new—progress—is, like the old, a constant source of new disaster [*Unheil*]" (Adorno 2003: 95). That is, "[t]he new is the same old thing" (Adorno 2003: 96). The social order is driven by a drive toward self-preservation.

Although he had relegated political economy to the episode of liberalism, Adorno now sought to locate a transhistorical "kernel" of political economy which he then tied to transhistorical class domination: the "[e]conomic [i.e. market capitalism] is a special case of economizing" (Adorno: 2003, 99,100). That is, Adorno sought to expand the critique of political economy in a way that renders valid transhistorically what he took to be at its core—class domination and "economizing."

Related to this transhistorical level of analysis, Adorno implicitly tied the (transhistorical) character of domination to a theme from Freud's metapsychological writings (Freud 1989)—that of self-preservation, both on an individual

level and that of society based on domination (Adorno 2003: 104–5)—which played an important role in *Dialectic of Enlightenment*.

Although Adorno began this essay by referring to Marx’s notion of “pre-history,” his emphasis on the perpetuation of direct domination as its hallmark indicates a difference between them. For Marx, capitalism points toward the possible end of prehistory because it is characterized by a unique intrinsic dynamic that generates the possibility that the basis of all “class society” (in the loose sense of the term)—namely, that an ongoing social surplus is produced by dominated groups—can be overcome. What underlies this dynamic and its potential overcoming is not the brute fact of domination, but the temporal character of capitalism’s dominant form of wealth (value) and, hence, the form of its surplus (surplus value). As I have indicated elsewhere, far from simply elucidating the workings of the market and a nonovert form of the expropriation of the surplus, the Marxian categories grasp social forms of temporal materiality that are generative of an ongoing dialectical dynamic that both points beyond itself while reconstituting its underlying basis (Postone 1993: 123–85; 263–306). This complex directional dynamic, expressed by the category of capital, is not grounded in the sphere of circulation and is not restricted to liberal capitalism. Rather, it is an expression of the abstract domination that, according to Marx’s analysis, is at the heart of capitalism as a whole. This historical dynamic is unique to capitalism;<sup>25</sup> it does not point merely to the possible abolition of the market and private property, but of proletarian labor, of the end of surplus production resting on a dominated class.

In this essay, Adorno, like Horkheimer and Pollock, read Marx’s critique of political economy in a traditional, if sophisticated manner, as a critique of liberal capitalist modes of distribution. At the same time, he apparently adopted the traditional Marxist–Hegelian notion that human history as a whole is characterized by a transhistorical dynamic. He thereby misrecognized Marx’s analysis of the historically specific form of labor in capitalism as the basis of the abstract domination associated with the deep dynamic of capital. Rather than pursue Marx’s elaboration of the category of capital, however, Adorno separated out a feature of the commodity and capital (“economizing”) and projected it transhistorically as characteristics of “prehistory,” of the ongoing perpetuation of domination. Consequently, for Adorno, the dynamism of history, unlike in Marx’s analysis, does not point beyond itself. Within the frame of his analysis, it is difficult to locate an immanent possibility of prehistory’s overcoming.

Adorno did try, toward the end of the essay, to present a less bleak view. He notes that the overcoming of liberal capitalism also meant overcoming the “blood-stained dehumanization of those rejected by society” and claimed that, in production, the distinctions among specializations has been eroded—such that workers now are more able to comprehend the work process in which they are involved (Adorno 2003: 108). Yet, the main thrust of his argument is that

<sup>25</sup> For an elaboration of Marx’s conception of an intrinsic historical dynamic as historically specific to capitalism, see Postone 1993: Chaps. 4, 7 and 8.

domination has become an integral part of human beings (Adorno 2003: 109). Toward the end of the essay, Adorno suggested that “[i]n reified human beings reification finds its outer limit” (Adorno 2003: 110). Alienation has become so complete that these relations “lose the shock of their alien nature” (Adorno 2003: 109). He seemed to be suggesting that precisely the direct form of domination—“naked usurpation”—allows for it to be recognized, unlike when the system was characterized by its “blind anonymity” (Adorno 2003: 110). Given what he had outlined about mass society, however, this attempt to hold open the possibility of emancipation is not very convincing. Rather than an intrinsic dynamic generating possibilities that it cannot realize, Adorno here placed his hopes on a form of recognition that, implicitly, could be generated by a situation of complete reification.

Society had become one-dimensional. Adorno’s critical emphasis on transhistorical domination and, relatedly, on “economizing” as one of its central features, overlapped with Horkheimer’s transhistorical critique of “labor.” Together—fused in the notion of “instrumental reason,” in the inextricable link between social domination and the domination of nature—they provided the underlying theoretical basis for *Dialectic of Enlightenment*.

## 7.8 CRITICAL THEORY BEYOND CRITICAL THEORY

The pessimistic character of Critical Theory should not, then, be understood only as a direct response to the bleakness of its immediate historical context or the transformations of twentieth-century industrial capitalism. It is also a function of the assumptions with which those transformations were interpreted. Pollock, Horkheimer, and Adorno were aware of the negative social, political, and cultural consequences of the new form of modern society. The bureaucratic and state-centric character of postliberal capitalism and the Soviet Union provided the “practical refutation,” as it were, of traditional Marxism as a theory of emancipation. Because these theorists retained some basic assumptions of the traditional theory, however, they were not able to respond to that “refutation” with a more fundamental and adequate critique of capitalism, however rich and insightful their approaches may have been. Instead, they developed a conception of an antagonistic and repressive social totality that had become essentially noncontradictory and no longer possessed an immanent dynamic. This conception called into question the emancipatory role traditionally attributed to “labor” and to the realization of the totality, but ultimately did not get beyond the horizon of the traditional Marxist critique of capitalism.

This position is theoretically problematic. Its notion of a non-contradictory totality renders opaque the critique’s standpoint. It also has been revealed as historically inadequate by a new historical transformation of capitalism, beginning in the early 1970s, that dramatically highlighted the limits of state-interventionist forms, East and West. This historical process, entailing the supersession of the “Fordist” accumulation regime of the mid-twentieth century by neoliberal global capitalism, can be plausibly regarded as expressing the



overt reemergence of capital's abstract dynamic and, hence, in turn, as a sort of "practical refutation" of the thesis of the primacy of the political. It undermines the presumption that the earlier transition to "state" or "monopoly" capitalism involved the supersession of the abstract dynamic of capital by political power and direct domination, and retrospectively shows that Critical Theory's analysis of capitalism's earlier major transformation did not grasp adequately the dynamic at the heart of capital. The continued existence of this dynamic strongly suggests that capitalism has indeed remained two-dimensional, however many problems it continues to generate.

Overcoming the limits of traditional Marxism would have required recovering the contradictory character of the Marxian categories by grasping the form of labor in capitalism as historically determinate. Such a reconceptualization, which differs fundamentally from any approach that treats "labor" transhistorically, would allow for a historical critique that could avoid the problematic aspects of both traditional Marxism's and Critical Theory's understanding of postliberal society. By reestablishing theoretically the contradictory character of capitalism, such an approach could recover the critical reflexivity that Critical Theory lost in the late 1930s and early 1940s (which Habermas sought to do without rethinking Critical Theory's understanding of capitalism) while questioning, on the basis of global developments since 1973, the assumption that capitalism's impersonal constraints, as analyzed by Marx, are rooted in the liberal sphere of distribution. Such an approach could elucidate a complex historical dynamic that did not come to an end with the emergence of "state" or "monopoly" capitalism.

That is, it would involve fundamentally rethinking the critical theory of capitalism in a manner that could get beyond both traditional Marxism as well as its critiques by Pollock, Horkheimer, and Adorno. More generally, it would allow for a critique of capitalism able to fulfill the task Critical Theory set for itself—critically illuminating the ongoing historical dynamic of the present in a theoretically self-reflexive manner.

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