

CRITICAL PESSIMISM AND THE LIMITS OF TRADITIONAL MARXISM

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The significant differences between the morphology of contemporary capitalism and that of its liberal phase have not only been elucidated by various social, political, and economic analyses, but were indirectly highlighted in the 1960s by the emergence of oppositional movements whose forms, members, dissatisfactions, and demands had little in common with the classical working class movements of the nineteenth and early twentieth centuries. The changed character of oppositional movements implicitly indicated the changed character of society. In the mid-1960s, many discovered and were attracted to Critical Theory – the works of Adorno, Horkheimer, Marcuse, and others who had been associated with the Institut für Sozialforschung – which attempted to provide a fundamental critique adequate to the changed social, political, and cultural conditions of postliberal capitalism. The attraction of the theory resulted not only from its concern with themes closer to recent sources of social dissatisfaction than those raised by classical socialist movements and orthodox Marxism. In our opinion, what also initially rendered the theory attractive was, paradoxically, its pessimism. Postliberal capitalism was analyzed as a completely administered, reified, one-dimensional society. Grounded in a notion of capitalism as a totality, that pessimism served to confirm what many had begun to think: something was amiss with the society as a whole, not simply with some aspects that could be improved by a program of reformist tinkering.

As opposition broadened and deepened in the latter half of the 1960s, however, the very existence of such a mass movement seemed to contradict that pessimistic view. An aspect of Critical Theory that had initially rendered it attractive now contributed to its rejection. Only very few sought to get beyond that pessimism by attempting to incorporate Critical Theory into a social critique that could help account for the new movement of history. The novel and diffuse character of the movement necessitated such a recon-

sideration. Yet, given the intense desire for change and the difficulty of neatly ordering that movement within traditional explanatory schemes, a form of activism predominated that either denigrated theory or reduced it from a dialectical critique with which the political actors could attempt reflexively to locate themselves, to a tool by which *the* revolutionary subject could be located and obtained. Because theory had been so dogmatically and instrumentally reduced, the subsequent collapse of such “revolutionary” illusions has resulted in a situation of perplexity and helplessness, marked by a still heightened mistrust and rejection of theory. The settling of accounts with the dogmatism of the recent past, converging with the currently popular one-sided rejection of reason as an instrument of domination, has become a contributing factor to the latest version of the (by now chronic) crisis of Marxism. The new wave of Gallic decapitation in the purported service of emancipation cannot, however, hide the absence of and need for an adequate critique of contemporary capitalism, a need that has been underlined by the reemergence of “classical” manifestations of industrial capitalism such as economic crises and global intercapitalist rivalry, within a context conditioned by such newer problems as ecology, minority emancipation, and mass disaffection with existing forms of labor, traditional values, and institutions. (A critical analysis of postliberal capitalism can neither afford to ignore its significant new dimensions nor, however, that it remains capitalist.)

Critical Theory represents the attempt at such an analysis. We shall seek to indicate that the pessimism of the theory was rooted in, and indicates the limits of, its point of departure. That is, although that pessimism is certainly understandable with reference to its historical context – the failure of revolution in the West, the emergence of Stalinism, the victory of National Socialism, and the character of postwar capitalism – it is not fully explainable in those terms. That pessimism became immanent to the theory itself, to the fundamental theoretical assumptions constituting the framework within which those major historical developments were reflected. The significance of the changed morphology of postliberal capitalism was, on the one hand, recognized very early and analyzed incisively. On the other hand, as a result of those changes, the social totality was no longer considered to possess an intrinsic contradiction out of which the possibility of a new social formation could immanently emerge.¹ The pessimism became one regarding the immanent historical possibility of socialism, rather than merely the probability of its realization.²

We intend to approach the problem of the pessimism of Critical Theory by examining Friedrich Pollock’s analysis of the transformation of capitalism associated with the rise and development of the interventionist state that he,

together with Gerhard Meyer and Kurt Mandelbaum, developed in the 1930s and early 1940s. That analysis played an important, if sometimes only implicit, role in the critique of advanced capitalism further developed by Horkheimer, Marcuse, and Adorno.³ Its epistemological implications will be examined by an investigation of the changes in Horkheimer's notion of critical theory that occurred between 1937 and 1941. In uncovering the limits of its underlying assumptions, we hope to illuminate an important dimension of the pessimistic turn of Critical Theory as an expression of an earlier crisis of Marxist theory in the attempt to formulate a critique of post-liberal capitalism. The Great Depression, the resultant increasingly active role played by the state in the socioeconomic sphere, as well as the Soviet experience with planning, led Pollock to conclude that the political sphere had superseded the economic as the locus of both economic regulation and the articulation of social problems. He characterized this shift as the primacy of the political over the economic.⁴ As we shall indicate, this position was based on a set of presuppositions that enabled Pollock to analyze the transition from laissez-faire capitalism to a stage characterized by the interventionist state, but that did not enable him to locate a historical dynamic immanent to that latter stage. We do not intend to question Pollock's basic position that the development of the interventionist state entailed changes of far-reaching economic, social, and political consequences. Our concern is to examine the theoretical framework within which he analyzed those changes; that is, the implications of Pollock's understanding of the economic and of the basic contradiction between the forces and relations of production.⁵

Pollock's point of departure in analyzing both the fundamental causes of the Great Depression and its possible historical results was that of traditional Marxism. We are not using this term to delineate a specific historical tendency in Marxism but as a general characterization referring to all analyses of capitalism that interpret its essential relations of production in terms of private ownership of the means of production and a market economy. According to this general interpretation, the developed forces of production come into increasing contradiction with those relations, which gives rise to the historical possibility of socialism — collective ownership of the means of production and economic planning.⁶

In two essays written in 1932–33,⁷ Pollock characterized the course of capitalist development as having been marked by an increasing contradiction between the forces of production (interpreted as the industrial mode of production) and private appropriation mediated socially by the automatism of the “self-regulatory” market.⁸ This growing contradiction underlay economic crises that, by violently diminishing the forces of production (the under-

utilization of machinery, the destruction of raw materials, and the unemployment of thousands of workers), were the means by which capitalism sought “automatically” to resolve the contradiction.⁹ In this sense the world depression represented nothing new. Yet the intensity of the depression and the crassness of the gap between the social wealth produced, which potentially could have served the satisfaction of human needs, and the impoverishment of large segments of the population, marked the end of an era.¹⁰ It indicated that “the present economic form is incapable of using the forces which it itself developed for the benefit of all members of society.”¹¹ Because this development was not a function of historical contingency but resulted from the dynamic of liberal capitalism itself, “it would be a wasted effort to attempt to reestablish the technical, economic and social-psychological conditions for a free market economy.”¹²

What then were the contours of the new order that was to succeed liberal capitalism? Pollack saw that the possibility of a new form that could resolve the difficulties of the older one had developed within the latter; the development of free market capitalism had given rise to the possibility of its supersession: a centrally planned economy.¹³ Yet — and here is the decisive turning point — that need not be socialism. Pollock maintained that *laissez-faire* and capitalism were not necessarily identical and that the economic situation could be stabilized within the framework of capitalism itself, through massive and ongoing intervention of the state in the economy.¹⁴ Rather than identifying socialism with planning, Pollock distinguished two main types of planned economic systems: “a capitalist planned economy on the basis of private ownership of the means of production and hence within the social framework of class society, and a socialist planned economy characterized by social ownership of the means of production within the social framework of a classless society.”¹⁵ Pollack rejected any theory of the automatic breakdown of capitalism and emphasized that socialism does not necessarily follow capitalism: its realization depends not only on economic and technical factors, but also on the power of resistance of those who carry the burden of the existing order. And, for Pollock, massive resistance on the part of the proletariat appeared unlikely in the near future as a result of the changed weight of the working class in the economic process, changes in weapons technology, and the newly developed means for the psychic and spiritual domination of the masses.¹⁶

Rather than socialism, Pollock considered a capitalist planned economy to be the most likely result of the Great Depression: “What is coming to an end is not capitalism, but its liberal phase.”¹⁷ The difference between capitalism and socialism in an age of planning has become reduced to that between private

and social ownership of the means of production. In both cases, the free market economy has been replaced by state regulation. Even this distinction, however, was to become problematic. In speaking of the reaction of capitalism to the crisis, Pollock posited a *double* process of adaptation: the violent diminishing of the forces of production and a “loosening of the fetters” – a modification of the relations of production (i.e., property relations) through state intervention.¹⁸ Pollock claimed, on the one hand, that it might be possible for both to occur without touching the basis of the capitalist system: private property and its valorization.¹⁹ On the other hand, he noted that continuous state intervention involves a more or less drastic limitation of the individual owner’s power of disposal over his capital, and associated that with the tendency, already present before World War I, for ownership and effective management to become separated.²⁰ The determination of capitalism in terms of private property had begun to be ambiguous, and was effectively dispensed with in Pollock’s essays of 1941, in which the theory of the primacy of the political was fully developed.

In these essays – “State Capitalism” and “Is National Socialism a New Order?” – which both appeared in *Studies in Philosophy and Social Science* in 1941, Pollock described and analyzed the newly emergent social order as state capitalism. His method was to proceed ideal typically. Whereas in 1932 Pollock had opposed a socialist to a capitalist planned economy, in 1941 he opposed totalitarian and democratic state-capitalism as the two primary ideal types of the new order.²¹ (In 1941 Pollock included the Soviet Union as a state capitalist society.²²) Within the totalitarian form the state is in the hands of a new ruling stratum, an amalgamation of leading bureaucrats in business, state, and party.²³ In the democratic form the state is controlled by the people. In both, the state has replaced the market as the institution that has the function of balancing production and distribution.²⁴ Pollock’s ideal-typical analysis concentrated on the totalitarian state capitalist form. When stripped of those aspects specific to totalitarianism, his examination of the fundamental change in the relation of state to civil society can be seen as constituting the political-economic dimension of a general critical theory of postliberal capitalism, which was developed more fully by Horkheimer, Marcuse, and Adorno. For Pollock, the central characteristic of the state capitalist order was, as already indicated, the replacement of market regulation by the state. Although a market, a price system, and wages may remain, they no longer serve the general function of regulating the economic process.²⁵ Furthermore, even if the legal institution of private property is retained, its economic function has been effectively abolished, inasmuch as the right of disposal over individual capital has been transferred in large measure from the individual capitalist to the state.²⁶ The capitalist has been transformed into a mere rentier.²⁷ The

state formulates a general plan and compels its fulfillment. As a result, private property, the law of the market, or other “economic” laws such as the equalization of the rate of profit or its tendency to fall do not retain their previously essential functions.²⁸ In Pollock’s understanding, production is then no longer commodity production but is for use — albeit not, as he emphasized, “for the needs of free humans in a harmonious society.”²⁹ Problems of administration have replaced those of the process of exchange.³⁰

The importance of this transition for Pollock was not restricted to the technical problem of how goods are distributed. Proceeding from the notion of the market as a determination of social totality, he outlined the broader implications of its supersession by the state. In his interpretation, all social relations under liberal capitalism are determined by the market; people confront one another in the public sphere as free buyers and sellers. This relation also implies a relation of classes in which freedom of class development is possible. Moreover, it implies that the rules governing the public sphere are mutual; law is the doubled rationality, applying to rulers, as well as to ruled. The existence of an impersonal legal realm is constitutive for the separation of the public and private spheres and, by implication, for the formation of the bourgeois individual. Social position is a function of the market and of income; employees are impelled to work by fear of hunger and the wish for a better life.³¹ Under state capitalism, the state becomes the determinant of all spheres of social life.³² The hierarchy of bureaucratic political structures occupies the center of social existence. Market relations are replaced by those of a command hierarchy in which a one-sided technical rationality reigns in the place of law. The majority of the population becomes, in effect, paid employees of the political apparatus, lacking political rights, powers of self-organization, and the right to strike. Individuals and groups are no longer autonomous, but are subordinated to the whole. The impetus to work is effected by political terror on the one hand and by psychic manipulation on the other. Individuals are treated as means, because of their productivity, rather than as ends in themselves. This is veiled insofar as they are compensated for their loss of independence by the socially sanctioned transgression of some earlier sexual taboos, for example, which, by breaking down the wall separating the intimate sphere from society and the state, allows for further social manipulation.³³

Pollock, then, by no means considered the effective abolition of the market and private property with its related social and cultural consequences to be unequivocally positive, although he clearly understood that a return to liberal capitalism was impossible. The problem then became one of the possible transitory character of state capitalism, that is, its supersession by socialism.³⁴

That possibility, according to Pollock, could not be rooted economically. As opposed to free market capitalism, the command economy has at its disposal the means to check the economic causes of depressions, the periodic destruction of the forces of production, and the underutilization of capital and labor.³⁵ For Pollock, the primacy of the political meant that the economy had become totally manageable. He repeatedly emphasized that no economic laws of functions exist that could hinder or set a limit to the functionings of state capitalism.³⁶ If this is the case, is there no possibility that state capitalism can be overcome? In his tentative answer, Pollock sketched the beginnings of a theory of political crises – crises in political legitimation. The primacy of the political arose historically as the solution to the economic ills of liberal capitalism. In light of the Great Depression, Pollock asserted that the primary tasks of the new social order would be to maintain full employment and to enable the forces of production to develop unhindered, while maintaining the basis of the old social structure.³⁷ The replacement of the market by the state means that mass unemployment would immediately involve a political crisis, one which would call the system into question. The state capitalist form necessarily requires full employment to legitimate itself.

Totalitarian state capitalism is confronted with additional problems. That order represents the worst form of antagonistic society “in which the power interests of the ruling class prevents the people from fully using the productive forces for their own welfare and from having control of the organization and activities of society.”³⁸ Because of the intensity of this antagonism, totalitarian state capitalism cannot allow an appreciable rise in the general standard of living for, as Pollock argued, such a rise would free people to reflect their situation and thereby to develop critical thought, out of which a revolutionary spirit, with its demands for freedom and justice, could emerge.³⁹ Totalitarian state capitalism is therefore faced with the problem of how to maintain full employment, promote further technical progress, and yet not allow the standard of living to rise appreciably. According to Pollock, only a permanent war economy could achieve these tasks simultaneously. The greatest threat to the totalitarian form is peace. In a peace economy, the system could not maintain itself, despite mass psychological manipulation and terror.⁴⁰ It could not tolerate a high standard of living and could not survive mass unemployment. A high standard of living could be maintained by democratic state capitalism, which Pollock seemed to view as an unstable, transitory form: either class differences would assert themselves, in which case development would be in the direction of totalitarian state capitalism, or democratic control of the state would result in the abolition of the last remnants of class society, thereby leading to socialism.⁴¹ The latter’s prospects, however, appeared dim, given Pollock’s thesis of the absence of economic limits and his aware-

ness that a policy of military “preparedness” is a hallmark of the state capitalist era.⁴² Although Pollock hoped that democratic state capitalism could be established and developed further in the direction of socialism, that hope was not rooted in an analysis that indicated the possibility of its realization. His position was fundamentally pessimistic. The overcoming of the new order could not be derived immanently from the system itself but became dependent on an unlikely “extrinsic” circumstance: world peace.

Several aspects of Pollock’s analysis are problematic. His examination of liberal capitalism indicated its dynamic development and historicity; it showed how the immanent contradiction between its forces and relations of production gave rise to the possibility of its historical negation: an economically planned society. Pollock’s analysis of state capitalism, however, was static; it merely described various ideal types. No immanent historical dynamic was indicated from which the possibility of another social formation could emerge. His initial formulation of a political crisis theory did, to be sure, seek to uncover moments of instability and conflict. Yet that theory was an analysis of the possibility that totalitarian state capitalism be transformed into the democratic variant. Whereas liberal capitalism and state capitalism exist in a historical relation to one another, totalitarian and democratic state capitalism do not. They represent political alternatives within the same historical frame – two different modes of the political administration of the same economic organization (planning) and social structure (class society). Moreover, in dealing with the possible transition from (democratic) state capitalism to socialism (classless society), Pollock did not do so by elucidating a dynamic within the former that renders the latter a growing possibility. We must thus consider why, for Pollock, the state of capitalism characterized by the “primacy of the economic” is contradictory and dynamic, while that characterized by the “primacy of the political” is not.

What did Pollock mean by the economic? In postulating the primacy of politics over economics, he determined the latter in terms of the quasi-automatic market-mediated coordination of needs and resources, whereby price mechanisms direct production and distribution.⁴³ Profits and wages under liberal capitalism direct the flow of capital and the distribution of labor power within the economic process.⁴⁴ This implies an understanding of value as a category that accounts for the automatic regulation of the market, as the expression of a society in which economic regulation does not proceed consciously, and occurs within the framework of a class society. The centrality of the market in Pollock’s notion of the economic was also indicated by his interpretation of the commodity: a good is a commodity only when circulated by the market; in its absence, the product is a use-value. Furthermore, that

economic “laws,” in Pollock’s view, are rooted in the market form of social regulation is indicated by his assertion, noted above, that, with the supersession of the market by the state, such laws lose their essential function and do not basically influence the workings of state capitalism. The economic sphere and, hence implicitly, the Marxian categories, in other words, are understood only in terms of the mode of *distribution*. Pollock’s notion of the primacy of the economic can thus be translated as the primacy of the market-mediated mode of distribution. The contradiction between the forces and relations of production was interpreted accordingly. The growing concentration and centralization of production renders private ownership increasingly dysfunctional and anachronistic;⁴⁵ the periodic crises indicate that the “automatic” mode of regulation is not harmonious and that the anarchic operations of economic laws have become increasingly destructive.⁴⁶ The existence of crises implicitly demands a planned mode of economic regulation, which becomes increasingly possible with the centralization, concentration, and socialization of production. The contradiction immanent to liberal capitalism, then, is one between the mode of production and that of distribution.⁴⁷

When the state supplants the market as the agency of distribution, the economic sphere is essentially suspended and economics, as a social science, loses the object of its investigation: “Whereas the economist formerly racked his brain to solve the puzzle of the exchange process, he meets, under state capitalism, with mere problems of administration.”⁴⁸ With state planning, in other words, conscious regulation has taken the place of the nonconscious, economic mode. Underlying Pollock’s notion of the primacy of the political is an understanding of the economic based on the presupposition of the primacy of the mode of distribution. At this point it should be clear why, according to such an interpretation, state capitalism possesses no immanent dynamic. The latter implies a logic of development, above and beyond conscious control, which is based on a contradiction intrinsic to the system. If, on the one hand, the market is the source of all nonconscious social structures of necessity and regulation, it constitutes the basis of the so-called “laws of motion” of the capitalist social formation; if, on the other hand, planning alone implies full conscious control and is therefore not limited by any economic laws, then the supersession of the market by state planning must signify the end of any blind logic of development. Historical development is now consciously regulated. Moreover, an understanding of the contradiction between the forces and relations of production as one based on the growing inadequacy of the market and private property to conditions of developed industrial production, implies that a mode based on planning and the effective abolition of private property *is* adequate to those conditions. A contradiction no longer

exists between those new “relations of production” and the industrial mode of production. The primacy of the political thus refers to an antagonistic society possessing no immanent development leading to the increased possibility of socialism. The social totality has become a noncontradictory whole.

Pollock’s examination of state capitalism indicates the problems with, and limitations of, the attempt to grasp the social formation by means of a theory of the primacy of the mode of distribution. In the first place, it highlights the limitations of the Marxian categories, when understood as determinations of the mode of distribution alone. In Pollock’s ideal-typical analysis, value (that is, the market, according to this interpretation) had been superseded and private property had effectively been abolished. The result, as Pollock indicated, did not necessarily constitute the foundations of the “good society.” On the contrary, that supersession could and did lead to forms of greater oppression and tyranny that no longer could be adequately criticized by means of the category of value. Furthermore, according to this interpretation, the overcoming of the market meant that the system of commodity production had been replaced by one of use-value production. Yet that was shown to be an insufficient determination of emancipation. It did not, in and of itself, indicate whether use-oriented production serves the needs of free humans in a harmonious society. Pollock’s analysis thus implicitly indicates that the Marxian categories, when understood only in terms of the mode of distribution, do not adequately grasp the grounds of unfreedom in capitalism. Overcoming that mode does not necessarily entail overcoming class society and the realization of emancipation. Pollock, however, did not proceed to reconsider the source of those limitations of the categories: the one-sided emphasis on the mode of distribution. Instead he retained that emphasis while implicitly limiting the validity of Marx’s categories to liberal capitalism. The retention of the assumption of the primacy of distribution, however, gave rise to serious theoretical difficulties in Pollock’s treatment of state capitalism. As we have seen, capitalism – as state capitalism – could exist, according to Pollock, in the absence of the market and private property. These, however, are its two essential characteristics, as defined by traditional Marxist theory. What, in the absence of those “relations of production,” characterizes the new phase as capitalist? Pollock listed the following grounds for his characterization: “State capitalism is the successor of private capitalism, . . . the state assumes important functions of the private capitalist, . . . profit interests still play a significant role and . . . it is not socialism.”⁴⁹ It appears, at first glance, that the key to Pollock’s specification of postliberal class society as capitalist is his statement that profit interests continue to play an important role. He says, to be sure, that such interests become subordinate to a general plan, but maintains that “no state capitalist government can or

will dispense with the profit motive.”⁵⁰ Its abolition would destroy “the character of the entire system.” It seems that the specific character of the “entire system” could be clarified by a consideration of profit.

This clarification is not offered by Pollock. Instead of undertaking an analysis of profit that would help determine the capitalist character of the new social form, Pollock treats that category in an indeterminate fashion, as a subspecies of power.

Another aspect of the changed situation under state capitalism is that the profit motive is superseded by the power motive. Obviously the profit motive is a specific form of the power motive The difference, however, is . . . that the latter is essentially bound up with the power position of the ruling group while the former pertains to the individual only.⁵¹

Leaving aside a consideration of the weakness of a position that implicitly derives relations of power from a motive for power, it is clear that the above approach merely underlines the political character of state capitalism without further elucidating its capitalist dimension. That the economic, according to Pollock, no longer plays an essential role is reflected in his basically empty treatment of profit. Economic categories (profit) have become subspecies of political categories (power). Pollock’s strategic intention seems clear: to emphasize that the abolition of the market and private property does not suffice for the transformation of capitalism into socialism. He could not, however, adequately ground his characterization of postliberal antagonistic society as capitalist. A notion of state capitalism necessarily implies that what is being politically regulated is capitalism; it demands, therefore, a concept of capital. Such considerations are not to be found in Pollock’s treatment. The essential difference between the two formations is simply that capitalism remains antagonistic, that is, a class society.⁵² The term “capitalism,” however, requires a more specific determination than that of class antagonism, for all developed historical forms of society have been antagonistic. The concept of contradiction goes beyond the simple notion of an antagonism between rulers and ruled, whereby social production is not utilized for the benefit of all. Whereas an antagonistic form is usually static, a contradictory form necessarily implies a dialectical dynamic that points to the possibility of its overcoming. In Pollock’s treatment, class antagonism in state capitalism is no longer rooted in a contradictory social form.

Pollock’s position renders opaque the material conditions underlying the difference between an antagonistic and a classless society. In the traditional Marxist analysis, the system based on the market and private property necessarily implies a specific class system. Overcoming those relations of produc-

tion is taken to constitute the economic presupposition of a classless society. A fundamentally different social organization is bound to a fundamentally different economic organization. Whereas Pollock proceeded from the same assumptions regarding the structure of liberal capitalism, the intrinsic connectedness of the economic organization and the social structure was severed in his treatment of postliberal societies. Although state capitalism, as opposed to socialism, is characterized as a class system, the basic economic organization (in the broader sense) of both is the same: central planning and the effective abolition of private property under conditions of developed industrial production. This, however, implies that the difference between a class system and a classless society is not related to fundamental differences in their economic organizations, but is simply a function of the mode and goal of its administration. The basic structure of society had thus presumably become independent of its economic form; a non-relation is implied between social structure and economic organization. This paradoxical result is implicit in Pollock's theoretical point of departure. If one understands the Marxian categories and the notion of the relations of production in terms of the mode of distribution, the conclusion is inescapable that the dialectic of economic development has run its course with the overcoming of the market and private property. The politically mediated economic organization that emerges thus represents the historical endpoint of the mode of distribution. The further existence of class society in such a situation can therefore not be grounded in that mode, which presumably would also underlie a classless society.

Moreover, class antagonism also could not be rooted in the sphere of production. We have seen that, given the above interpretation of the Marxian categories, the transformation of the "relations of production" does not entail a transformation of the industrial mode of production but represents an "adjustment" adequate to that mode, which presumably had already acquired its historically final form. The continued existence of class society could thus be grounded in neither the mode of production nor of distribution. The economic organization, in Pollock's analysis, had become a historical invariable that underlies various possible political forms and is no longer related to social structure. Pollock was compelled to posit a political sphere that not only maintains and reinforces class differences, but grounds them. Class relations became reduced to power relations, the source of which remain obscure. Given his point of departure, however, it seems that Pollock had little choice in so reductively analyzing the repoliticization of social life that he perceived. Finally, the limits of that point of departure in adequately grasping the changed morphology of postliberal capitalism clearly emerged in Pollock's treatment of the capitalist relations of production. The notion itself, as must be emphasized, refers to what characterizes capitalism as capi-

talism, that is, the essence of the social formation as such, and not simply one of its phases. The logic of Pollock's interpretation should have induced a fundamental reconsideration: If capitalist relations of production are, indeed, to be considered as the market and private property, 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 determination of those relations of production essential to capitalism. Such an approach, in other words, should call into question the identification of the market and private property with the essential relations of production — even for the liberal phase of capitalism.

Pollock, however, did not undertake such a reconsideration. Instead he modified the traditional determination of the relations of production by limiting its validity to the liberal phase of capitalism, and postulated its supersession by a political mode of distribution. The result is a new set of theoretical problems and weaknesses that point to the necessity for a more radical reexamination of the traditional theory. If one maintains, as Pollock did, that the capitalist social formation possesses successively different sets of "relations of production," one necessarily posits a core of that formation that is not fully grasped by any of those sets of relations. This separation of the essence of the formation from all determinate relations of production indicates, however, that the latter have been inadequately determined. Moreover, what in Pollock's analysis remained the essence — class antagonism — is too historically indeterminate to be of use in the specification of the capitalist social formation. Both weaknesses indicate the inadequacy and limits of Pollock's point of departure: locating the relations of production only in the sphere of distribution. We do not wish to imply that what Pollock analyzed as constituting a significant transformation in social life and the structure of domination in postliberal capitalism should be discounted or considered superficial. That analysis, however, must be placed on a firmer theoretical basis. Such a basis, as we shall attempt to indicate, would also call into question the necessary moment of Pollock's pessimism.

It should now be clear we do not regard as adequate a critique of Pollock that proceeds from the presuppositions of traditional Marxism. Such an approach could reintroduce a dynamic to the analysis by pointing out that market competition and private property have by no means disappeared or lost their functions under state-interventionist capitalism. (This, of course, would not apply to the so-called "real existing socialist" variants of state capitalism. One weakness of traditional Marxism is that it cannot provide the basis for an adequate critique of such societies.) Indeed, on a less immediately empirical level, the

question could be raised whether it would at all be possible for bourgeois capitalism to reach a stage in which all elements of market capitalism are overcome. Nevertheless, in our opinion, the historical dynamic that can be recovered in this fashion does not get at the roots of Pollock's pessimism. It is insufficient merely to oppose a dynamic to his static analysis; the sort of dynamic, its basis, and its results must be examined. An approach that successfully reintroduces a dynamic to the analysis of state-interventionist capitalism on the basis of the continued significance of the market and private property simply avoids the fundamental problems raised when that development is thought through to its endpoint: the abolition of those "relations of production." The question must then be faced whether that abolition is indeed a sufficient condition for socialism. The Marxian category of value, for example, can be considered a critical category adequate to the capitalist social formation, if it not only grounds an immanent dynamic of that social form leading to the possibility of its historical negation, but also sufficiently grasps the core of that contradictory, alienated form, so the abolition of value simultaneously implies the social basis of freedom. As we have attempted to show, Pollock's approach, in spite of its frozen character and shaky theoretical foundation, indicates that an interpretation of the relations of production and, hence, value in terms of the sphere of distribution is inadequate to that task. To criticize him on the basis of that interpretation would, therefore, represent a step behind the level of the problem as it has emerged in the consideration of Pollock's analysis.⁵³

In spite of the difficulties associated with Pollock's ideal-typical approach, it has the unintended heuristic value of allowing a perception of the problematic character of the assumptions of traditional Marxism. We have characterized that theory in very general terms as one based on the assumption that the capitalist relations of production are to be identified essentially with the mode of distribution. In this general view, the course of capitalist development can be summarized as follows: The structure of free-market capitalism was such that it gave rise to industrial production — a mode that increasingly comes into contradiction with the existing relations of production and that creates the conditions of possibility of a historically new, just, and consciously regulated mode of distribution of a degree of wealth previously unthinkable. In the process of accumulation, accompanied by competition and crises, the market and private property become increasingly inadequate to and inhibiting for developed industrial production. Yet the historical dynamic gives rise to the technical possibilities of centralized planning and the overcoming of private property, as well as to their socio-organizational presuppositions: centralization and concentration of the means of production, the tendency of ownership and management to become separated from one another, and

the constitution and concentration of an industrial proletariat. Socialism, in other words, is considered as a social form of the regulation and organization of distribution more adequate to the industrial mode of production. The ultimate concern of this version of the theory, then, is the historical critique of the mode of *distribution*.

This, at first glance, may appear paradoxical. All Marxists claim that theirs is a theory of social *production*. The role of production within the traditional critique must, therefore, be more closely considered. The development of large-scale industrial production, in that theory, is considered essentially as the historical mediation from the capitalist mode of distribution to the possibility of another. Because the forces of production that stand in contradiction to capitalist relations of production are identified with the industrial mode of production, the transition to socialism is considered in terms of a transformation of the mode of distribution, not, however, of that mode of production itself. The industrial mode of production is thus viewed as being intrinsically independent of “capitalism” that, in turn, is introduced as a set of extrinsic factors: private ownership and exogenous conditions of the valorization of capital within a market economy. Industrial production is thus understood only as a technical process, a labor process that is not intrinsically socially determined, that is, is not molded by the valorization process. It necessarily follows that industrial labor, once historically constituted, is considered to be independent of, and nonspecific to, capitalism, and class domination is considered to be rooted in the mode of distribution alone, rather than as being intrinsic to the mode of production itself. *Within this basic framework, the industrial mode of production – that based on proletarian labor – is seen as historically final.* This leads to a notion of socialism as the linear continuation of the industrial mode of production to which capitalism gave rise, as a new mode of political administration and economic regulation of the *same* mode of production. Traditional Marxism, as a *theory* of production, does not entail a *critique* of production. On the contrary, production serves as the historical standard of the adequacy of the mode of distribution, as the point of departure for its critique.

This approach is tied to a particular understanding of the basic Marxian categories. The interpretation of the category of value generally associated with this view, for example, is that of a category of market distribution – as the nonconscious, “automatic” regulator of the social distribution of goods and services, capital, and labor.⁵⁴ Value is thus considered to be a category grasping a historically specific mode of the distribution of wealth, rather than as a historically specific form of wealth. The crucial Marxian distinction between material wealth and value is blurred. Consequently, the specificity

of the form of labor that constitutes value can no longer be analyzed. Instead a transhistorical notion of “labor” is posited as the source of wealth that in capitalism is distributed by means of the market (value) and nonmanifestly appropriated by the capitalists (surplus value). The basis of such an interpretation is closer to the assumptions of classical political economy than it is to those of Marx. It is thus no surprise that Marx’s “labor theory of value” is frequently considered to be a more consistent and rigorous version of Ricardo’s theory rather than its critique.⁵⁵ It is taken to be a theory that demystifies capitalist society by revealing “labor” to be the true source of social wealth. Overcoming value is not understood as overcoming the form of labor that constitutes it. Instead, form and content become separated. Overcoming value is taken to be overcoming a mediate, mystifying form of distribution that thereby allows its “content” – “labor” – to emerge openly behind the veils of capitalist mystification as the regulating principle of society.⁵⁶ The specificity, analyzed by Marx, of a historically determinate form of labor that serves as a medium of social relations is swept away in favor of a transhistorical concept of “labor” that is the basis for a critique of the mode of distribution.

When socialism is considered in terms of a transformation of the mode of distribution adequate to the industrial mode of production, that adequacy is implicitly considered to be the condition of general human freedom. General human freedom is thus grounded in the industrial mode of production, once freed from the fetters of “value” (the market) and private property. Emancipation, in other words, is grounded in “labor” and is realized in a social form in which it has openly emerged and come to itself as *the* social principle. This notion, of course, is inseparably tied to that of socialist revolution as the “coming to itself” of the proletariat. *The Marxian critique of production and distribution, bound to the notion of the self-abolition of the proletariat is, in traditional Marxism, replaced by both a critique of distribution alone and the notion of the self-realization of the proletariat.* The form of labor and of production is thus excluded from the purview of such a historical critique of capitalism. What in Marx’s analysis was the central object of critique becomes the locus of freedom in Marxism.⁵⁷ This framework remains unproblematic only for the strain of traditional Marxism that considers “real existing socialism” to be an emancipatory form. Its limitations, however, become particularly evident in those positions that, sharing the same theoretical presuppositions as to the essence and dynamic of capitalism, attempt to provide a Marxist critique of those societies. In all cases, understanding the economic sphere in terms of the mode of distribution alone does not allow for the location of an immanent dynamic of development and the unfolding of an intrinsic contradiction, once central planning and the abolition of private property have been

realized.⁵⁸ Thus, for example, in *The Unfinished Revolution* Isaac Deutscher argued that the “economic base” of Soviet society is socialist and that a second, political revolution is required to abolish existing repressive bureaucratic institutions and social antagonisms. For all of their differences, it should be clear that Deutscher’s view of Soviet society is similar to Pollock’s notion of state capitalism. Planning and the abolition of private property having been realized, the “economic” has reached its historical end-point. The only locus of change is a political sphere that stands in no intrinsic relation to the mode of distribution or of production.

Within the framework of such a one-sided critique of the mode of distribution, the Marxian categories *cannot* critically grasp the social totality — although this only becomes historically manifest when the market loses its central role as the agency of distribution. Once that occurs, however, the inadequacy of the categories so interpreted for an analysis of the resultant politically regulated social form becomes clear. This renders indeterminate any attempt that proceeds from that interpretation to characterize the form as capitalist. Moreover, it becomes evident that the abolition of the market and private property alone and, hence, the “coming into its own” of industrial production is an insufficient condition for human emancipation. The traditional Marxist categories are thus shown to be inadequate to grasp the capitalist social totality in such a manner that the abolition of what they express constitutes the condition of general freedom.

Pollock’s position highlights precisely those limitations of the traditional Marxist interpretation. Moreover, his refusal to consider the new form, in its most abstract contours, merely as one that is not-yet-fully-socialist, enabled him to uncover its new, more negative modes of political, social, and cultural domination. Pollock’s analysis, however, remained too bound to some fundamental propositions of traditional Marxism to constitute its adequate critique. By retaining a one-sided emphasis on the mode of distribution, it remained a metamorphosed form of that theory — one that highlights its limits but ultimately does not get beyond them. In one respect, Pollock and the other members of the Frankfurt School broke decisively with traditional Marxism. The insight that central planning in the effective absence of private property is not emancipation, although that form of distribution is adequate to industrial production, implicitly calls into question the notion that “labor,” in the form of the industrial mode of production, constitutes the basis of general human freedom.⁵⁹ Yet precisely because Pollock retained the notion that the immanent contradiction is between distribution and production, he could not reconsider whether that form of production itself is contradictory. The result is a notion of an antagonistic, but noncontradictory, social totality

possessing no immanent dynamic, which calls into question the emancipatory role of “labor.”

An adequate critique of that pessimistic analysis, then, must be grounded in a critique of traditional Marxism. The point of departure for such an undertaking would entail a critique of Pollock’s initial assumption — that the structures of capitalist society expressed by the Marxian categories are those of the sphere of distribution alone. Capitalism was characterized by Marx as a system of abstract, mediate domination based on relations of “objective” dependence, which superseded earlier social forms based on relations of personal dependence.⁶⁰ In postulating the primacy of the political, Pollock had in effect maintained that that system of abstract domination had in turn been superseded by a new form of direct domination. Such a position proceeds from the assumption that all forms of abstract dependence, as well as of non-conscious structures of social compulsion analyzed by Marx, are identical to or rooted in the market. To call that into question would call into question the assumption that, with the supersession of the market by the state, conscious control has not merely replaced nonconscious structures in particular spheres but that all such alienated structures of historical compulsion and, with them, the historical dialectic, have been overcome. It would necessitate a critical reexamination of whether the relations of production are to be identified completely with the market and private property, and whether the intrinsic contradiction of capitalism is only to be located between the sphere of distribution and that of production. Aspects of Marx’s critique of Ricardo and of Hegel provide the basis for such a reexamination.⁶¹ Marx did not merely criticize the bourgeois mode of distribution as inadequate to industrial production; he formulated a critique of labor and production in capitalism. Far from having taken over and refined Ricardo’s labor theory of value, Marx criticized Ricardo for having posited “labor” as the source of value, without having further examined the historical specificity of commodity-determined labor and of the value form of wealth.⁶² What characterizes that labor, according to Marx, is precisely that it is not only social labor as it exists in all social formations — a cooperative productive activity that transforms material in a determinate fashion (concrete labor) — but is also social in a “supplementary” sense: it serves as the medium of social relations that, in other formations, exist openly as such. The products of labor in commodity-determined society are not socially mediated by traditional ties, norms, or overt relations of power and domination; i.e., manifest social relations. Instead, labor itself replaces those relations by serving as the quasi-objective means by which the products of others are acquired.

Value is the objectification of that “supplementary” (abstract) dimension of labor in capitalism. As such, it is not only a form of wealth but at the same time a form of social mediation. The measure of that form of wealth cannot, therefore, be a function of the amount of goods produced (material wealth), for a material measure implies a manifestly social mode of production and distribution. The goods in such a situation are “evaluated” in terms of need, social ties, and relations of power. When, however, labor itself acts as the quasi-objective means of acquiring goods, a standard of evaluation emerges that is apparently inherent to the mediating activity and its products. The two-sidedness of labor requires that the measure itself be of a social mediating character. This function is served by the socially necessary expenditure of human labor time as a quasi-objective measure. Not only the form (value), but also its measure (abstract time), are constituted as “objective” social mediations. As a form of social mediation, the temporally-determined category of value grasps a quasi-independent “objective” social structure that exerts a form of compulsion on the producers: one is not only compelled to exchange one’s labor (products) to survive, but must produce at a rate determined by the norm of socially-necessary labor time to receive the full value of one’s individual labor time.⁶³ This form of abstract social compulsion is an initial determination of alienation. It is rooted in the “double-character” of labor in capitalism, that is, in its simultaneous determination as productive activity and as a social mediation.

In capitalism, therefore, the sphere of labor cannot be conceived of only in terms of the material interactions of humans with nature, as a form of “instrumental action,” embedded in a matrix of social relations. Because labor acts as a mediation in lieu of overt social ties, the relations that essentially characterize that social formation exist only in the medium of labor. Labor not only objectifies itself in products, as is the case in all social formations, but also in objectified social relations. In the process of material objectification, labor in capitalism also constitutes an objective, quasinnatural societal sphere that cannot be reduced to the sum of direct social relations, and which stands opposed to the aggregate of individuals as an abstract other. Put in different terms: the double character of commodity-determined labor signifies that, in capitalism, aspects of the sphere of interaction are fused with that of labor, thereby imparting to labor a historically unique synthetic character.⁶⁴ Those social relations constituted by commodity determined labor in the form of an abstract other cannot be sufficiently grasped in terms of the sphere of distribution. Value does not express the market-mediated regulation of material wealth. It is a different *form* of wealth, constituted by abstract labor (not “labor”), whose measure is a function of labor time expenditure rather than the mass of goods produced. The commodity is characterized by the

simultaneity of both moments – value and material wealth – which is rooted in the double character of labor in capitalism. This simultaneity of a social and a material dimension in the form of labor and its products underlies the dialectical and ultimately contradictory character of capitalism.

In a society in which material wealth is the form of social wealth, increased productivity results either in a greater amount of wealth or in the possibility of a corresponding reduction in labor time. This is not the case when value is the form of wealth. Because the magnitude of value is solely a function of the socially-average labor time expended, the introduction of a new method of increasing productivity only results in a short-term increase in value yielded per unit time – that is, only as long as socially-average labor time remains determined by the older method of production. As soon as the newer level of productivity becomes socially general, the value yielded per unit time falls back to its original level.⁶⁵ Thus, because the form of wealth is temporally determined, increased productivity only effects a new norm of socially-necessary labor time. The amount of value yielded per unit time remains the same. The necessity for the expenditure of labor time is consequently not diminished, but is retained. That time, moreover, becomes intensified. The productivity of concrete labor thus interacts with the abstract temporal form in a manner that drives the latter forward while reinforcing the compulsion it exerts on the producers. *The value-form of wealth is constituted by and, hence, necessitates, the expenditure of human labor time regardless of the degree to which productivity is developed.* The treadmill effect just outlined is immanent to the temporal determination of value. It implies a historical dynamic of production that cannot be grasped when Marx's "law of value" is understood as an equilibrium theory of the market and when the differences between value and material wealth, abstract and concrete labor, are overlooked. That treadmill dynamic is the initial determination of what Marx developed as central to capitalism: capitalism necessarily must constantly accumulate to stand still. The dynamic becomes somewhat more complicated when one considers capital – "self-valorizing value."⁶⁶ The goal of capitalist production is not value, but the constant expansion of surplus value – the amount of value produced per unit time above and beyond that required for the workers' reproduction. The category of surplus value not only reveals that the social surplus is indeed created by the workers, but also that the temporal determination of the surplus implies a particular logic of growth, as well as a particular form of the process of production.

Given a limited working day, surplus value can only be increased by reducing the "necessary labor time" spent by workers in creating the value necessary for their reproduction. Although increased productivity only results in short-

term increases in total value yielded, it increases, when the production of society as a whole is considered, surplus value by reducing necessary labor time.⁶⁷ Nevertheless, the higher the level of productivity (and, therefore, the lower the general social level of necessary labor time), the more it must be still further increased to achieve a decrease in necessary labor time.⁶⁸ Ever-growing rates of increase in productivity are necessary to effect the expansion of surplus-value required by capital. That expansion, however, proceeds at an ever-diminishing rate. Capital accumulation entails ever-increasing levels of productivity, ever-increasing masses of products produced and, hence, ever-increasing masses of raw materials consumed. Because the form of the surplus is value rather than material wealth, however, the result – in spite of appearances – is an ever-diminishing rate of increase of the total surplus product. The great amount of material wealth thus produced does not represent a correspondingly high level of social wealth. The particularly crass exploitation of nature that results is not then merely a result of its control and domination. It results, rather, because ever-increasing amounts of raw materials must be exploited for ever-diminishing rates of increase in the form of surplus social wealth. The interaction of humans and nature no longer has a cyclical quality, but becomes a one-way, accelerating transformation of raw materials into units of objectified time.

The interaction of the two dimensions of labor in capitalism not only results in runaway productivity that is “other-directed,” but it also gives rise to a particular form of production. In Marx’s analysis, industrial production is not to be understood in purely technical terms. On the one hand advanced technology “frees” production from the limitations of human labor and allows for the ever-increasing levels of productivity required by capital.⁶⁹ On the other hand, however, because the goal of production is surplus-value and not material wealth, the source of value – human labor time expenditure – remains essential to the process of production (when society as a whole is considered). The necessity for ever-increasing productivity interacts with the continued necessity that immediate labor time be expended in production and results in a mode of production characterized by the increasing fragmentation and emptying of human labor with increasing productivity and the reduction of workers to cogs of a productive apparatus. The value form determines not only the ends to which knowledge is applied in production, but also the materialized form of that application, that is, the material form of the labor process. Because determined by value, capitalist production requires both ever-increasing rates of consumption of raw materials, as well as the continued retention of human labor, as an element of the process of production. It “develops technology and the degree of combination of the social process of production only by undermining the original sources of all wealth – the earth and the labourer.”⁷⁰

In the *Grundrisse*⁷¹ Marx explicitly discussed the fundamental contradiction of capitalism as one *within* the mode of production itself, rather than between industrial production and the bourgeois mode of distribution.⁷² Capitalist production is geared to and molded by a form of wealth determined by the expenditure of direct labor time. Nevertheless, although that value-basis remains necessary to capitalism, it is rendered increasingly anachronistic by the potential of the forces of production to which it gave rise. A great deal of one-sided labor becomes superfluous in terms of that potential, yet, as the source of value, remains necessary for capital. The social and economic expressions of that contradiction cannot be dealt with here.⁷³ It should be clear, however, that its overcoming does not involve “freeing” that same, value-determined form of production from the “fetters” of the market and private property. It entails the abolition of the value-basis of production, become anachronistic, and the reemergence of material wealth as the social form of wealth. Economic growth could then take on a different character, inasmuch as increases in social wealth would directly correspond to increases in material output. More fundamentally, the structure of production itself could be transformed. In capitalism total social production remains structured by the goal of labor time objectification, regardless of the degree of technological development. Overcoming value dispenses with that necessity, which has become anachronistic, and allows for a transformation of social production and individual labor. The potential of the forces of production could be used reflexively to transform the material form of production, freeing human labor from the fragmented and empty character it increasingly acquired as the source of value. The social surplus would then no longer be a product of the direct labor of a class of humans subsumed under the process of production as its components. Class antagonism in capitalism, according to this interpretation, is ultimately rooted in the form of wealth and production, and not merely in the sphere of distribution.

The material mode of production in capitalism is thus not to be equated with Marx’s notion of the forces of production. It is, rather, the materialized expression of the interaction of those forces with the relations of production (of which value is the basic category). In traditional Marxism, however, industrial production is identified with the forces of production. As noted above, emancipation is thus grounded in that form of labor and production, which we have analyzed as value-determined, once freed from the constraints of the market and private property. Emancipation, in other words, is realized when a structure of labor that has already come into existence is no longer held back and misused by capitalist relations, but is subject to conscious control in the interests of all. In Marx’s mature critique, however, labor is central not because production is the locus of freedom, but because the social

relations that determine capitalism exist in the medium of labor. The critique based on an analysis of the double character of commodity-determined labor does not, therefore, lead to a notion of the realization of that labor with overcoming the market and private property. Rather, the abolition of the relations of production involves the *abolition* of that labor and of its peculiar socially-synthetic character, thereby freeing humans from the alienated sway of their own labor, while allowing labor, freed from the yoke of its “supplementary” synthetic social role, to be so transformed that it could be enriching for each individual. General emancipation is not grounded in the possible full realization of the already extant form of production, but in the possibility of its overcoming. That possibility is rooted in the contradiction of production, in the potential of the forces of production that is not realized by their materialized form. Hence the realization of freedom is not “guaranteed” by any existing structure, which had been held back by the relations of production. It requires the creation of new structures (which to be sure have become historically possible) with the abolition of those relations.

By rooting the dialectic in the double character of commodity-determined labor (that is, in a historically determinate form), Marx not only uncovered the basis underlying the historical logic of capitalism, but implicitly rejected any notion of an immanent logic to, or dialectic of, human history in general. As is well known, Marx criticized Hegel for equating alienation and objectification. In Ricardian Marxism, however, because “labor” is posited as a trans-historical source of social wealth, the distinction between alienation and objectification must necessarily be *extrinsic* to labor itself: labor is alienated when the power of disposition over its use and over its objectifications is in the hands of the capitalist. Overcoming private ownership and appropriation is thus considered to be the condition for overcoming alienation. In Marx’s mature critique, however, alienation is *intrinsic* to the peculiar character of commodity-determined labor. This, among others, distinguishes surplus value from earlier forms of the social surplus. That a medieval manorial lord, for example, expropriated a portion of that produced by peasants was not an intrinsic consequence of the form of their labor. Domination in such a situation, therefore, had to be direct. In capitalism, however, the surplus is one of value, that is, a form which in and of itself implies alienation. Its private expropriation is thus only a manifestation, not a cause, of that alienation. Abstract domination exists even in the absence of a private expropriator, so long as social wealth has the form of the abstract temporal expenditure of human labor.⁷⁴

When labor is viewed only as concrete labor, the notion that it constitutes society is necessarily reductionist. In Marx’s mature critique, however, com-

commodity-determined labor constitutes capitalist society because, in addition to being concrete labor, it is an objectifying medium of social relations. Alienation therefore takes on a different meaning than in Marx's early works. It no longer refers to the estrangement of a preexistent essence but is a two-sided historical process of social constitution in which human knowledge and power are greatly increased – in an abstract form that opposes, oppresses, and empties the individual.⁷⁵ Because the alienated social totality is not constituted by “labor,” but by the interactions of the two dimensions of commodity-determined labor, it is not a unitary whole, but has a contradictory character. This gives rise to the possibility that humans reappropriate for themselves and, hence, transform the richness and power that came into being as attributes of the Other in the process of nonconscious social constitution. The abolition of private property, then, is not a sufficient condition for overcoming alienation. The necessity of accumulation, being ultimately rooted in the dialectic of the value dimension with that of use-value, remains in effect even in the absence of the market and private property. This blind compulsion is a function of the temporal form of wealth and not merely of the market mode of distribution. Given the continued existence of wealth in the form of the objectified expenditure of labor time, economic growth would have to retain the form of capital accumulation, and the structure of production and of labor would remain determined by the value form.

The supersession of the market by the state does not therefore mean that the basic contradiction of capitalism, as well as all forms of nonconscious social regulation and compulsion, have been overcome. It signifies rather that the mode of distribution has become consciously regulated – subject, however, to the limits imposed by the continued blind necessities, such as that of accumulation, which are inherent to the temporal form of social wealth and mediation. The transformation of the contours of the social formation is significant – in terms, however, of a changed relation of the relations of distribution to those of production; not in terms of the supersession of the latter. The term “state capitalism,” which Pollock used but could not ground, can be justified to describe a social form in which capitalist relations of production continue to exist, but where bourgeois relations of distribution have been replaced by a bureaucratic, political mode of mediation, with all of the associated political, social, and cultural implications.⁷⁶ This, however, is very different from Pollock's thesis of the primacy of the political, which rests on the assumption that the mode of distribution – whether in the form of the “automatic” market or as mediated politically – constitutes the essential core of the social formation.

Marx's analysis of the specificity of labor in capitalism and, consequently, his critique of the notion of "labor" is, on another level, reflected in a major difference between his notion of the totality and that of Hegel. For Hegel, the *Geist*, that is, the identical subject-object, unfolds dialectically by a process of self-objectification. The endpoint of development is the realization by the *Geist* of itself as totality. Objectification and alienation are identical and the contradictions immanent to the totality serve as the driving force of its unfolding and, ultimately, realization. In his mature critique, Marx provided the social grounding of Hegel's *Geist* — not, however, as the proletariat. In *Capital*, the self-moving substance that is subject is located as that complex set of alienated social relations expressed by the category of capital.⁷⁷ Marx, in other words, did not treat "labor" as the substance of a Subject prevented by capitalist relations from realizing itself. Instead, he analyzed those relations themselves as constituting the Subject (capital) whose substance is abstract labor, that is, the specific character of labor as a medium of social interaction in capitalism. What perhaps at first glance appears to be a theory that denies the history-making practice of humans is one consistent with the notion of alienation, and possesses an emancipatory moment not available to those interpretations that, explicitly or implicitly, identify the Subject with the laboring class. The notion that capital is the total Subject indicates that, for Marx, the endpoint of its development is not the *realization*, but the *abolition* of the totality. The character of its basic contradiction is therefore different than is the case with Hegel; it does not simply drive the unfolding of the totality forward, but points beyond it.

The Marxian critique, in other words, was one of the total Subject. It was neither an affirmative analysis of how that totality could be fully unfolded and realized, nor did it abstractly reject or deny totality — a position that, given the existence of capital, could only be mystifying. *Capital* did not entail the "materialist" anthropological inversion of Hegel's idealist dialectic but its materialist justification. That is, the *Geist* was indeed analyzed by Marx as a blind, automatic Subject. It was, however, materialistically explained and historically determined as capital.⁷⁸ Thus, whereas in Hegel totality is unfolded as the realization of the Subject, in Marx it is unfolded in a manner that points to the possibility of its abolition. (Not as the realization of the proletariat as the concrete subject. Overcoming capitalism for Marx entailed the abolition of proletarian labor, not its recognition and realization.) The historical explanation and relativization of the Subject — as capital and not as a social class — provides the grounding of Hegel's dialectic and, at the same time, its critique.⁷⁹ *Capital* in that sense is the critique of Hegel, as well as of Ricardo — the two thinkers who, in Marx's opinion, represented the furthest limits of thought that remains bound within the existent social formation. Marx did not simply radicalize Ricardo and materialize Hegel. His cri-

tique – proceeding from the historically specific “double character” of labor in capitalism (i.e., its social synthetic character) – is essentially historical. It showed that Ricardo, as well as Hegel, posited in a transhistorical fashion and therefore could not uncover the historically specific character of the objects of their investigations: “labor” and the *Geist*.⁸⁰ Marx’s own analysis could, paradoxically, get beyond the limits of the existence of the present totality only by limiting itself historically. The indication of the ultimate historicity of the object of thought implies the historicity of the thought itself that grasps the object.

Traditional Marxism is ultimately, then, a materialist, critical, Ricardo-Hegel synthesis: “labor” is the source of social wealth and constitutes the “substance” of the proletariat as the identical subject-object, which develops to that point where it can realize itself. Any theory that posits the proletariat as Subject implies the activity constituting the Subject is to be fulfilled, rather than overcome. The difference between alienation and objectification must then rest on factors extrinsic to “labor.” Alienation is not, as with Marx, rooted in a historically specific form of objectification (abstract labor), which, as the “substance” of the Subject (capital), entails its constitution as the abstract Other. Instead it is rooted in the control over objectification, understood in a transhistorical fashion, as concrete labor, by a concrete other (the capitalist class). The dialectical contradiction between the forces and relations of production is then interpreted as between production and distribution, in terms of those moments (the market and private property) that prevent “labor” from directly and openly constituting the totality. When, however, that totality is understood as capital, such an interpretation is revealed as one that, behind its own back, points to the full realization of capital as a quasi-concrete totality rather than to its abolition. That dialectic had, in Pollock’s view, run its course: “labor” had come to itself. The result, however, was anything but emancipatory. Because of its traditional Marxist point of departure, however, his critique now proceeded from the assumption that the social totality, although antagonistic and repressive, had become essentially non-contradictory.

The presumed transformation of the object of critique necessarily implies the transformation of the critique itself. Critical theory has been characterized as the supersession of the critique of political economy by the critique of politics, the critique of ideology, and the critique of instrumental reason.⁸¹ The difference between the critique of political economy and the others, however, is not simply a matter of the relative importance attributed to particular spheres of social life. What characterizes Marx’s critique is that, by means of an analysis of the “double character” of the historically determinate

social forms examined (labor, commodity, process of production), it shows its object to be a totality that is intrinsically contradictory and, hence, immanently dynamic. The unfolding of that contradictory totality entails the emergence of the possibility of its determinate negation. The critique is immanent inasmuch as it does not judge what “is” with reference to a transcendent “ought,” that is, a conceptual position outside of its object, but locates that “ought” as a possibility *immanent* to the unfolding of the totality. The critique, in other words, is dialectical because it shows its object to be so. This adequacy of the concept to its object implicitly entails the rejection of any notion of *the* dialectic as a method that can be applied to various objects. By uncovering the historically specific contradiction intrinsic to its object, and, hence, explaining the dialectic, the Marxian critique implicitly rejects any form of transhistorical dialectic, whether inclusive of nature or restricted to history. In both cases the dialectic must be grounded ontologically, either in Being in general (Engels) or in social Being (Lukács). That reality or social relations in general are essentially contradictory, however, can only be metaphysically assumed, not explained.⁸²

By uncovering the contradictory character of his own social universe, moreover, Marx was able to get beyond that dilemma of earlier forms of materialism he outlined in the third thesis on Feuerbach:⁸³ A theory, critical of society, which assumes that humans, and therefore their modes of consciousness, are socially formed, must be able to account for itself. The Marxian critique is thus *immanent* in another sense. Its categories simultaneously grasp forms of social being and of consciousness and reveal their contradictory character. Showing the non-unitary character of its own context allows the critique to account for itself as a possibility *immanent* to what it analyzes. One of the most powerful aspects of the critique of political economy is that it locates itself as a historically determinate aspect of what it examines, rather than as a positive science that constitutes a historically unique exception inasmuch as it stands above the interaction of social forms and forms of consciousness it analyzes. In both senses, the critique takes no standpoint outside of its object and, hence, is epistemologically consistent. A critique of political institutions or of instrumental reason could only be considered an equivalent replacement, rather than extension, of the critique of political economy, if it could indicate a contradiction and dynamic immanent to its object of investigation. Not only, in our opinion, is that an exceedingly unlikely proposition, but the shift in the focus of critique was related precisely to the assumption that the social totality had become noncontradictory. The theory consequently became marked by a fundamental pessimism and, as critique, lost a dimension of epistemological self-reflection.

This transformation of the nature of critique associated with an analysis of state capitalism as a noncontradictory totality can be examined in two essays written by Horkheimer in 1937 and 1940. In “Traditional and Critical Theory,” Horkheimer still grounded critical theory in the contradictory character of capitalist society. He proceeded from the assumption that the relation of subject and object is to be understood in terms of the social constitution of both:

In fact, social practice always contains existing and applied knowledge. The perceived fact is therefore co-determined by human ideas and concepts even prior to its conscious assimilation by the perceiving individual. . . . At the higher stages of civilization, conscious human praxis not only unconsciously determine the subjective side of perception but, to an increasing degree, the object as well.⁸⁴

Such an approach implies the historical determinateness of thought and demands, therefore, that both traditional and critical theory be grounded socio-historically. Traditional theory, according to Horkheimer, is an expression of the fact that, in capitalism, the intrinsic relation of subject and object within a historically constituted totality is not manifest. Because the form of social synthesis is mediate and abstract, the constituted result of cooperative human activity is alienated and thus appears as quasinatural facticity.⁸⁵ This finds theoretical expression, for example, in the Cartesian assumption of the essential immutability of the relation of subject, object, and theory.⁸⁶ The hypostatized dualism of thought and being does not, according to Horkheimer, allow traditional theory to think the unity of theory and practice.⁸⁷ Moreover, the various areas of productive activity do not appear related, constituting a whole, but are fragmented and exist in a mediate, apparently contingent relation to one another. The illusion of the independence of each sphere of productive activity is thus elicited, similar to that appearance of the freedom of the individual as economic subject in bourgeois society.⁸⁸ Hence, in traditional theory, scientific and theoretical developments appear to be immanent functions of thought or the disciplines, and are not understood with reference to real social processes.⁸⁹

Even Kant, who attempted to deal with the problem of the adequacy of thought and being in terms of constitution, did so in an idealist fashion: sensuous appearances have already been formed by the transcendental Subject, that is, by rational activity, when they are perceived and consciously evaluated.⁹⁰ According to Horkheimer, the double character of Kant’s concepts, which indicate unity and goal directedness on the one hand, and an opaque and unconscious dimension on the other, corresponds to the “contradictory form of human activity in the modern era”:

The cooperation of people in society is the mode of existence of their reason At the same time, however, this process, along with its results, is alienated from them and appears, with all its waste of labor power and human life, to be . . . an unalterable natural force.⁹¹

Horkheimer grounded this contradiction in the contradiction between the forces and relations of production. The market-mediated form of social interconnectedness and class domination based on private property impart a fragmented, torn, and irrational form to the social whole that is constituted by collective human production.⁹² Society is therefore characterized by blind mechanical developmental necessity and by the utilization of the developed human powers of controlling nature for particular, conflicting interests rather than for the general interest.⁹³ The commodity-determined economic system began with the notion of the congruence of individual and social happiness and, during the period of its emergence and consolidation, entailed the unfolding of human powers, the emancipation of the individual, and increasing control over nature. Its dynamic, however, has given rise to a society that no longer furthers human development, but increasingly checks it and drives humanity in the direction of a new barbarism.⁹⁴ Production, in other words, as socially total, is alienated, fragmented, and increasingly arrested by the market and private property. This contradiction, according to Horkheimer, constitutes the condition of possibility of critical theory, as well as the object of its investigation. Critical theory does not accept the fragmented aspects of reality as necessary givens, but attempts to grasp society as a whole, which necessarily entails a perception of what fragments the totality and hinders its realization, that is, its internal contradictions. Grasping the whole thus implies an interest in the supersession of its present form by a rational human condition, and not its mere modification.⁹⁵ Critical theory thus rejects the acceptance of the given, as well as its utopian critique.⁹⁶ It involves an immanent analysis of capitalism in its own terms that, on the basis of its intrinsic contradictions, critically uncovers the growing discrepancy between what is and what could be.⁹⁷

Social production, reason, and human emancipation are intertwined, and provide the standpoint of a historical critique in this essay. The idea of a rational social organization adequate to all of its members – a community of free persons – is, according to Horkheimer, immanent to human labor.⁹⁸ Whereas in the past, the misery of large segments of the producing population may have been in part conditioned by the low level of technical development and, hence, in a sense, “rational,” that is no longer the case. Negative social conditions such as hunger, unemployment, crises, and militarization are based only “on relations, no longer adequate to the present, under which production occurs.”⁹⁹ Those relations now hinder “the utilization of the

entire range of intellectual and physical means of controlling nature.” General social misery, caused by anachronistic particularist relations, has become irrational in terms of the potential of the forces of production. That potential, moreover, allows for the possibility that rationally planned social regulation and development supplant the blind, market-mediated form characteristic of capitalism, thus revealing the latter to be irrational as well.¹⁰⁰ Finally, on the level of perception and a theory of knowledge, the hypostatization of subject and object, as well as of their relation, is shown to be irrational in the light of a possible future:

The mysterious correspondence of thought and being, understanding and sensuousness, human needs and their satisfaction in the present, chaotic economy – a correspondence which appears to be accidental in the bourgeois epoch – shall, in the future epoch, become the relation of rational intention and realization.¹⁰¹

The immanent dialectical critique outlined by Horkheimer is an epistemologically sophisticated 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. The wholeness and connectedness of the constituted universe is fragmented and hidden by those relations. Labor is simply identified by Horkheimer with control over nature. The mode of its organization and application is called into question; not, however, its form. Thus, whereas for Marx, constitution in capitalism is a function of the social relations mediated by labor in interaction with concrete labor, for Horkheimer it is a function of concrete labor itself. Emancipation and the realization of reason are bound to “labor” coming to itself and openly emerging as what constitutes the social totality. This positive view of “labor” later gave way, in Horkheimer’s thought, to a more negative evaluation of the effects of the domination of nature, once he considered the relations of production to have become adequate to the forces of production. In both cases, the labor process was considered only in terms of the relation of humanity to nature; social relations were conceived to be extrinsic to that process.

The later pessimistic turn in Horkheimer’s thought should not be too directly and exclusively related to the failure of proletarian revolution and the defeat of working-class organizations by Fascism. Horkheimer wrote this essay long after the victory of National Socialism. He nevertheless continued to analyze the social formation as essentially contradictory; that is, he continued to develop an immanent critique. Although his evaluation of the political situation was certainly pessimistic, that pessimism had not yet become a necessary moment of his theory. The possibility of critical theory, according to Horkheimer, remained rooted in the contradictions of the present. As a result

of the setbacks, ideological narrowness, and corruptions of the working class, however, that theory was momentarily carried by a small group of persons.¹⁰² The integration or defeat of the working class does *not*, in other words, signify that the social formation is no longer contradictory. As an element of social change, critical theory exists as part of a dynamic unity, but is not immediately identical with the dominated class.¹⁰³ If it were to formulate passively the current feelings and visions of the class, critical theory would, according to Horkheimer, be structurally no different than the disciplinary sciences. Because critical theory deals with the present in terms of its immanent potential, it cannot be based on the given alone.¹⁰⁴ Thus Horkheimer's pessimism at this point was in terms of the *probability* that a socialist transformation occur in the foreseeable future; the *possibility* of such a transformation remained, in his analysis, immanent to the contradictory capitalist present. He did argue that the changed character of capitalism demands changes in the *elements* of critical theory – and proceeded to outline the newly acquired possibilities for conscious social domination available to the small circle of the very powerful that result from the vastly increased concentration and centralization of capital, and related that change to the tendential reduction of the sphere of culture from a previous position of relative autonomy.¹⁰⁵ Horkheimer laid the ground here for a critical focus on political domination, ideological manipulation, and the culture industry. Yet he insisted that the *basis* of the theory remains unchanged inasmuch as the basic economic structure of society is unchanged.¹⁰⁶ At this stage, Horkheimer did not propose the society had changed so fundamentally that the economic sphere had been replaced by the political. On the contrary, he argued that private property and profit still play their decisive roles and that people are now even more immediately determined by the economic, whose unchained dynamic brings forth new forms and misfortunes at an ever-increasing tempo.¹⁰⁷

The shift in the object of investigation of critical theory proposed by Horkheimer, the increased emphasis on conscious domination and manipulation, was tied to the notion that the market no longer played the role it did in liberal capitalism. It was not yet, however, bound to the view that the immanent contradictions of the forces and relations of production had been overcome. The critique remained immanent. Its character then changed following the outbreak of World War II with that change in theoretical evaluation expressed by Pollock's notion of the primacy of the political. In his essay "The Authoritarian State," written in 1940, Horkheimer characterized the new social form as "state capitalism, . . . the authoritarian state of the present."¹⁰⁸ Although the position developed here was basically similar to Pollock's, Horkheimer more explicitly introduced the Soviet Union

as the most consistent form of state capitalism, and considered fascism to be a mixed form inasmuch as the surplus value won and distributed under state control is transmitted to industrial magnates and large land owners under the old title of profit.¹⁰⁹ All forms of state capitalism are repressive, exploitative, and antagonistic. Although Horkheimer predicted that, because the market had been overcome, state capitalism would not be subject to economic crises, he claimed that the form was ultimately transitory rather than stable.¹¹⁰ In discussing the possible transitory character of state capitalism, Horkheimer expressed a new, deeply ambiguous attitude towards the emancipatory potential of the forces of production. On the one hand, the essay contains passages in which the forces of production are still described as potentially emancipatory. Thus Horkheimer argued that they are consciously held back as a condition of domination.¹¹¹ Because increased rationalization and simplification of production, distribution, and administration have rendered political domination increasingly irrational, the state must become authoritarian: to maintain its anachronistic self, the system must rely to a greater degree on force and the permanent threat of war.¹¹² The possible collapse of the system is grounded in the restriction of productivity by the bureaucracies, inasmuch as the use of production in the interests of domination rather than to satisfy human needs results in a crisis. The crisis is not, to be sure, economic (as was the case in market capitalism) but an international political crisis tied to the constant threat of war.

Although Horkheimer mentioned the fetters imposed on the forces of production, the gap between what is and what could be, in the absence of those fetters, highlights the antagonistic and repressive nature of the system, but no longer has the form of an intrinsic contradiction. Even the war crisis is not bound to the emergence of the possible determinate negation of the system, but represents a dangerous result that *demand*s its negation. Horkheimer spoke of collapse but did not indicate its preconditions. His emphasis, rather, was on the elucidation of democratic, emancipatory moments that are crushed or not realized in state capitalism, and on the hope that, out of their misery and the threat to their existence, people would oppose the system. The dominant tendency in the article, moreover, maintains that there is, indeed, no contradiction or even necessary disjuncture between the developed forces of production (traditionally understood) and authoritarian political domination. On the contrary, Horkheimer now sceptically wrote that, although the development of productivity *may* have increased the possibility of emancipation, it certainly *has* led to greater repression.¹¹³ 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: "With each bit of realized planning, a bit of repression was originally supposed to become

unnecessary. Instead more repression has emerged through the administration of the plans.”¹¹⁴ The adequacy of a new mode of distribution to the developed forces of production had proved to be negative. Horkheimer’s statement that “state capitalism at times appears almost as a parody of classless society”¹¹⁵ implies that repressive state capitalism and emancipatory socialism possess the same “material” basis, thus indicating the dilemma of traditional Marxist theory on reaching its limits. Faced with this dilemma, however, Horkheimer did not reconsider the basic determinations of that theory, and continued to equate the forces of production with the industrial mode of production. He was consequently compelled to change his attitude towards production and to reconsider the relationship of history and emancipation. Horkheimer now radically called into question any social uprising based on the development of the forces of production:

The bourgeois upheavals depended in fact on the ripeness of the situation; their successes, from the Reformation to the legal revolution of fascism, were tied to the technical and economic achievements that mark the progress of capitalism.¹¹⁶

The development of production now became negatively evaluated as one that only takes place within, and remains bound to, capitalist civilization. At this point, Horkheimer began to turn to a pessimistic theory of history. Because the laws of historical development, driven on by the contradiction between the forces and relations of production, have only led to state capitalism, a revolutionary theory based on that historical development – one that demands “the first attempts at planning should be reinforced, and distribution made more rational” – could only hasten the transition to that form.¹¹⁷ Horkheimer therefore reconceptualized the relation of emancipation and history by according social revolution two moments:

Revolution brings about what would also happen without spontaneity: the socialization 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 strengthen freedom: *the end of exploitation*.¹¹⁸

These two moments accorded to revolution, however, indicate that Horkheimer had fallen back to a position characterized by an antinomy of necessity and freedom. The view of history is completely determinist; it is now presented as a fully automatic development in which labor comes to itself – but not as the source of emancipation. Freedom is grounded in a purely voluntarist fashion, as an act of will against history.¹¹⁹ Horkheimer now assumed, as is indicated by the passage just cited, that the material conditions of life in which freedom for all could be fully achieved are identical to those in which unfreedom

for all is realized; that those conditions automatically emerge; and that they are essentially irrelevant to the question of freedom. One does not have to disagree with Horkheimer's proposition that freedom is never achieved automatically to question those assumptions. Bound by a traditional Marxist vision of the material conditions, Horkheimer neither questioned the presupposition that a publically planned mode of industrial production in the absence of private property is a sufficient condition for socialism, nor considered whether industrial production itself is determined by the social form of capital. If the latter were the case, the achievement of another form of production would be no more automatic than that of freedom. Not having undertaken such a reconsideration, Horkheimer no longer considered freedom to be a determinate historical possibility but one that is historically and therefore socially indeterminate:

Critical Theory . . . confronts history with that possibility which is always visible within it. . . . The improvement of the means of production may have improved not only the chances of oppression but also of its elimination. But the consequence that follows from historical materialism today as it did then from Rousseau or the Bible, that is, the insight that "now or in a hundred years" the horror will come to an end, was always timely.¹²⁰

Whereas this position emphasizes that a greater degree of freedom has always been possible, its historically indeterminate character does not allow for a consideration of the relation among various socio-historical contexts, different conceptions of freedom, and the sort (rather than degree) of emancipation that can be achieved within a particular context. It does not question, for example, whether the sort of freedom that might have been obtained had Münzer and not Luther been successful is comparable to that conceivable today. Horkheimer's notion of history had become indeterminate; it is unclear whether he was referring to the history of capitalism in the passage just quoted, or to history as such. This lack of specificity is related to the indeterminate notion of labor as the mastery of nature underlying Horkheimer's earlier one-sided positive attitude towards the development of production, as well as its later negative complement. In conceptualizing state capitalism as a form in which the contradiction of capitalism had been overcome, Horkheimer came to realize the inadequacy of traditional Marxism as a historical theory of emancipation. At the same time, he remained too bound to its presuppositions to undertake a reconsideration of the Marxian critique of capitalism that would allow for a more adequate historical theory. This dichotomous theoretical position was expressed by the antinomic opposition of emancipation and history and by Horkheimer's departure from his earlier, dialectically self-reflective epistemology: if emancipation is no longer grounded in determinate historical contradiction, its critical theory must also take a step outside of history.

We have seen that, earlier, Horkheimer's epistemology was based on the assumption that social constitution is a function of "labor," which in capitalism is fragmented and hindered from fully unfolding. That he now began to consider the contradictions of capitalism as having been no more than the motor of a repressive development found categorial expression in Horkheimer's statement 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."¹²¹ Horkheimer had thus come to realize that a Hegelian dialectic, in which the contradictions of the categories lead to the self-unfolded realization of the Subject as totality, could only result in the affirmation of the existent. Yet he did not do so from a position that would go beyond those limits, that is, in terms of Marx's critique of Hegel and of Ricardo. The result was a series of ruptures: not only did Horkheimer locate emancipation outside of history but, to save its possibility, now felt compelled to introduce a disjuncture 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."¹²² This step was rendered necessary by the conjunction of Horkheimer's continued passion for general human emancipation with his analysis of state capitalism as an order in which the intrinsic contradiction of capitalism had been overcome. (Although, as we have seen, this analysis was tendentially, but not unambiguously, the case in 1940.) The overcoming of the contradiction had rendered the social object and, hence, the concept that grasps it one-dimensional. The result of an analysis that grasps what is would necessarily be affirmative, inasmuch as the "ought" no longer is an immanent aspect of a contradictory "is." Horkheimer posited the difference between concept and actuality to allow room for the potential, now that he considered the whole to be no longer intrinsically contradictory. This position converged in some respects with Adorno's notion of the totality as necessarily affirmative (rather than contradictory and pointing beyond itself even when fully unfolded). The concept of totality is deemed necessary to understand society; yet because it is understood in a Hegelian fashion, totality cannot be fully accepted, for that would imply the affirmation of the existent. In taking this step, Horkheimer weakened the epistemological consistency of his own argument.

The concept that presumably no longer fully corresponds to its object cannot be considered as an exhaustive determination of the concept. To do so would be to ignore the conceiving, critical observer who posits that noncorrespondence – for the posited disjunction between concept and actuality is itself a concept. A statement of such a disjunction, in other words, implies another concept that grasps that disjunction. But then that noncorrespondence itself

is revealed as an actuality to which the concept that posits it corresponds. In an epistemologically reflexive social critique, this implies another, “more abstract” level of correspondence that shows the disjunction of concept and actuality to be only a manifestation, and thus reveals the essential one-sidedness, and hence superficiality of both that concept and the grasped actuality that apparently do not correspond. Horkheimer, however, did not proceed with such a reconsideration that, on another level, would have entailed a critique of the concepts of traditional Marxism on the basis of a more essential, “abstract” set of concepts. Such a reconsideration, in other words, would have required the postulation of adequate concepts of value and capital as underlying the more manifest level of production, profit, and distribution. By positing the nonidentity of the concept and actuality in the interests of preserving the possibility of freedom within a presumed one-dimensional social universe, instead of positing another, more adequate concept that grasps that nonidentity, Horkheimer undercut the self-reflexive explanation of his own critique. Lacking the reconsideration outlined above, the posited disjunction of concept and actuality rendered Horkheimer’s own position similar to that of traditional theory, which he criticized in 1937: Theory is not understood as a part of the social universe in which it exists, but is accorded a spurious independent position. Horkheimer’s concept of the disjunction of concept and reality hovers mysteriously above its object. It cannot explain itself.

The epistemological dilemma entailed in this pessimistic turn retrospectively highlights a weakness in Horkheimer’s earlier, apparently consistent epistemology. In “Traditional and Critical Theory,” the possibility of an all-encompassing social critique, as well as of the overcoming of the capitalist formation, were grounded in the contradictory character of that society. Yet that contradiction was interpreted as one between social “labor” and those relations that fragment its totalistic existence and inhibit its full development. Within such an interpretation, the Marxian categories grasp those inhibiting social relations – the mode of distribution – and are ultimately extrinsic to “labor” itself. This indicates, however, that within such an interpretation the concepts of commodity, money, and capital do not really grasp the social totality while expressing its contradictory character. Instead, they grasp only one dimension of that totality, which eventually comes to oppose its other dimension: social “labor.” In other words, *when the Marxian categories are understood only in terms of the market and private property, they are essentially one-dimensional from the very beginning.* They do not grasp the contradiction but only one of its terms. 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 which are expressed by the categories, from the standpoint of “labor.”

In a sophisticated version of the traditional Marxist critique — one that treats the Marxian categories as simultaneous determinations of forms of social Being and social consciousness — the implicit understanding of those categories as one-sided is reflected by the use of the term “reification.” It would go beyond the bounds of this article to elaborate this point. Nevertheless, it can be said that the term represents a convergence of the traditional Marxist interpretation and Weber’s notion of rationalization. Both strands have one-dimensionality in common. The ambiguous legacy of Weber in strains of Western Marxism, as mediated by Lukács, involved the “horizontal” broadening of the scope of the Marxian categories to include dimensions of social life ignored in more narrowly orthodox interpretations and, at the same time, their “vertical” flattening. In *Capital* the categories, as expressions of a contradictory social totality, are two-dimensional; as opposed to Marx’s early writings, alienation is treated as a double-sided process of social constitution, rather than as the estrangement of a preexistent essence. The notion of reification, however, implies one-sidedness; the possible determinate negation of the existent cannot then be rooted in the categories that purportedly grasp it.

In spite of its apparently dialectical character, then, the traditional Marxist epistemology does not succeed in grounding itself as critique in the concept. That would require an appropriation of the contradictory character of the Marxian categories that would necessarily require the inclusion of the historically determinate form of labor as one of their dimensions, and would undercut any view that treats “labor” in a transhistorical fashion as a quasi-natural social process, as simply a matter of the technical domination of nature by means of the cooperative efforts of humans. Without such an appropriation, the materialist epistemology can only be critical if it grounds itself in the contradiction between the categorical forms and “labor,” rather than in the categorical forms of commodity and capital themselves. Horkheimer’s traditional Marxist point of departure meant from the very beginning, then, that the adequacy of concept to actuality was implicitly affirmative. That affirmation was, nevertheless, of only one dimension of the totality. Critique was grounded outside of the concept, in “labor.” Once, given the repressive results of the abolition of the market and private property, “labor” no longer appeared to be the principle of emancipation, the previous weakness of the theory emerged manifestly as a dilemma. The dilemma, however, illuminates the inadequacy of the point of departure. In dealing with Pollock, we argued that the weakness of his attempt to determine the new form as state *capitalism* in the absence of the market and private property reveals that their determination as the essential capitalist relations of production had always been inadequate. By the same token, the weakness of Horkheimer’s dialectical

epistemology in terms of the claims of a materialist critique indicates the inadequacy of a critical theory based on a notion of "labor" that is not considered to be intrinsically molded by the social forms. The weaknesses of each indicates the intrinsic relationship of Ricardian and Hegelian Marxism. The determination of the relations of production only in terms of those of distribution is based on the Ricardian labor theory of value. The overcoming of those relations alone does not signify the overcoming of capital but a more concrete mode of its total existence, mediated by gigantic bureaucratic organizations, rather than by liberal forms. Similarly, a materialist dialectical theory is ultimately affirmative with regard to the unfolded totality when it is based on such an understanding of the forms. Whereas Marx attempted to uncover the social relations that exist in the medium of labor in capitalism and that, in turn, mold its concrete form, the concept of "labor," which is at the heart of Ricardian-Hegelian Marxism, implies that the manifest mediation is taken at face value. That concept thus represents a form of the fetish. The result is a critique that is adequate only to liberal capitalism, and that only from the standpoint of its non-transcending negation: state-capitalism.

Horkheimer became aware of the inadequacy of that theory without, however, reconsidering its assumptions. The result was a reversal, rather than a going beyond, of an earlier traditional Marxist position. Whereas in 1937, "labor" was positively informed and, in its contradiction to the social relations of capitalism, was considered to constitute the ground for the possibility of critical thought, as well as of emancipation, in 1940 the development of production became seen, if not unequivocally, as the progress of domination. The possibility of critique, as well as of emancipation, became grounded in a posited indeterminateness; historical determination had become negatively informed. The resulting critical pessimism, so strongly then expressed in *Dialectic of Enlightenment*, must be understood not only with reference to the historical background of Nazism and Stalinism, and to the incisiveness with which the negative character of advanced-capitalism and state-capitalism was perceived. It must also be understood in terms of an awareness of the limits of traditional Marxism in the absence of a fundamental reconstitution of the dialectical critique of what, in spite of its significant transformation, remains a dialectical social totality.

NOTES

1. In focusing on the problem of contradiction, we shall be dealing with the question of the form and dynamic of capitalism as a totality, rather than more directly with that of class struggle and the problem of the proletariat as revolutionary subject. The historical dialectic of capitalism in Marx's analysis encompasses, but

- cannot be reduced to, class struggle. A position that maintains the social totality no longer possesses an intrinsic contradiction thus goes beyond the claim that the working class has become integrated.
2. Marcuse represents a partial exception in this regard. He continued to attempt to locate an immanent possibility of emancipation even when he viewed postliberal capitalism as a one-dimensional totality. Thus, for example, in *Eros and Civilization*, he sought to locate that possibility by transposing the locus of contradiction to the level of psychic formation. He argued that precisely a social situation of total alienation undermines the equilibrium of that psychic structure, analyzed by Freud, which constitutes the deeper level of subjectivity adequate to capitalism. On the one hand, needs reemerge that, in the older structure, had been rigorously checked; on the other hand, the still stronger degree of control required to dam those needs results in an increase in destructive tendencies. (See *Eros and Civilization* (New York, 1962), 85–95, 137–143).
 3. Cf. A. Arato, "Introduction," in A. Arato and E. Gebhardt, eds., *The Essential Frankfurt School Reader* (New York, 1978), 3; Helmut Dubiel, "Introduction," in *Friedrich Pollock: Stadien des Kapitalismus* (München, 1975), 7, 17, 18; Giacomo Marramao, "Political Economy and Critical Theory," *Telos*, 24 (Summer 1975), 74–80.
 4. F. Pollock, "Is National Socialism a New Order?," *Studies in Philosophy and Social Science*, IX (1941), 453.
 5. We shall, therefore, not concern ourselves with the details of Pollock's economic crisis theory, nor with the more empirical question of the extent to which the operations of the market and the interests of private property have actually been suspended in the political sphere. (Consequently we shall not, for example, treat the diverging interpretations of National Socialism formulated by Pollock and Franz Neumann.)
 6. "Traditional Marxism" thus is a broader characterization than "Orthodox Marxism" (i.e., mainstream 2nd and 3rd International Marxism). Its fundamental presuppositions are, however – as shall be indicated below – to be distinguished from those of Marx's mature critique.
 7. F. Pollock, "Die gegenwärtige Lage des Kapitalismus und die Aussichten einer planwirtschaftlichen Neuordnung," *Zeitschrift für Sozialforschung*, I (1932); "Bemerkungen zur Wirtschaftskrise," *ibid.*, II (1933).
 8. Pollock, "Die gegenwärtige," 21. 9. *Ibid.*, 15.
 10. *Ibid.*, 10. 11. Pollock, "Bemerkungen," 337. 12. *Ibid.*, 332.
 13. "Die gegenwärtige," 19–20. 14. *Ibid.*, 16. 15. *Ibid.*, 18.
 16. "Bemerkungen," 350. 17. *Ibid.* 18. *Ibid.*, 338.
 19. *Ibid.*, 349. 20. *Ibid.*, 345–6.
 21. Pollock, "State Capitalism," *Studies in Philosophy and Social Science*, IX (1941), 200.
 22. *Ibid.*, 211, n. 1. 23. *Ibid.*, 201. 24. *Ibid.*
 25. *Ibid.*, 204; "Is National Socialism," 444.
 26. "Is National Socialism," 442. 27. "State Capitalism," 208–9.
 28. *Ibid.* 29. "Is National Socialism," 446.
 30. "State Capitalism," 217. 31. *Ibid.*, 207; "Is National Socialism," 443, 447.
 32. "State Capitalism," 206.
 33. "Is National Socialism," 448–9; In many respects, Pollock's brief comments on this matter foreshadow what Marcuse was later to develop more fully with his concept of repressive desublimation.
 34. "Is National Socialism," 452–5. 35. *Ibid.*, 454.
 36. "State Capitalism," 217. 37. *Ibid.*, 203. 38. *Ibid.*, 223.
 39. *Ibid.*, 220. Pollock seemed to consider mass consciousness in an era of the primacy of the political only in terms of external manipulation and a vague notion of the possible revolutionary effects of a rise in the standard of living. It appears that, in dealing with state-determined society, he had no concept of social consciousness as an immanent aspect of that form (although that was perhaps not the case in his consideration of market-determined society). It could be argued that Pollock did not have an adequately worked-out notion of the relation between social subjectivity and objectivity. He therefore only located the most external "material conditions" that would allow for critical thought, but could not indicate why that thought might be critical in a particular direction.
 40. "State Capitalism," 220. 41. *Ibid.*, 219, 225.
 42. *Ibid.*, 220. 43. *Ibid.*, 203.
 44. "Is National Socialism," 445ff. 45. "Bemerkungen," 345ff.
 46. "Die gegenwärtige," 15.

47. In the *Grundrisse*, Marx characterized property relations – “the worker’s propertylessness and . . . the appropriation of alien labour by capital” – to be modes of distribution that, although representing an aspect of the relations of production, do so “sub specie distributionis” (832). This implies that the concept of the relations of production is not exhausted by a consideration of the mode of distribution, but entails an aspect “sub specie productionis.”
48. “State Capitalism,” 217. 49. *Ibid.*, 201.
50. *Ibid.*, 205. 51. *Ibid.*, 207. 52. *Ibid.*, 219.
53. Cf., for example, Marramao. We agree with Marramao’s general thesis relating Pollock’s work to that of Horkheimer, Marcuse, and Adorno, as well as with his general conclusion that Pollock had not been able to locate the “dialectical elements” within the new stage of capitalism. However, although Marramao approvingly presents aspects of H. Grossmann’s analysis as an interpretation of Marx very different from that dominant in the Marxist tradition (59ff), he does not follow through its implications. Instead he then identifies Pollock’s interpretation of the conflict between the forces and relations of production with that of Marx, thus implicitly accepting it (67). This does not allow him to support his charge that Pollock mistook as essence the illusory level of appearance (74) on the basis of a standpoint that would get beyond the limits of traditional Marxism.
54. Cf. Paul Sweezy, *The Theory of Capitalist Development* (New York and London, 1968), 52–3; Maurice Dobb, *Political Economy and Capitalism* (London, 1940), 70, 71; Ronald Meek, *Studies in the Labour Theory of Value* (London, 1956), 303.
55. Cf. Dobb, 58; Martin Nicolaus, *Grundrisse* (London, 1973), 46; Paul Walton and Andrew Gamble, *From Alienation to Surplus Value* (London, 1972), 179.
56. Hilferding, for example, wrote: “The economic analysis is restricted to that particular epoch of social development where the good becomes a commodity, that is, where labor and the power of disposition over it have not been consciously raised to the level of the regulating principle of social metabolism and social predominance but, rather, where this principle prevails unconsciously and automatically as a material attribute of things.” (“Böhm-Bawer’s Marx Kritik,” in H. Meixner and M. Turban, eds., *Die Marx-Kritik der österreichischen Schule der Nationalökonomie* (Giessen, 1974), 143. More recently, Helmut Reichelt wrote: “where, however, the content of value and of the magnitude of value is consciously raised to the principle of economy, the Marxian theory will have lost its object of investigation, which can only be presented and grasped as a *historical* object when that content is conceived as the content of other forms and therefore can be described separate from its historical form of appearance.” (*Zur logischen Struktur des Kapitalbegriffs bei Karl Marx* (Frankfurt, 1970), 145).
57. This reversal, of course, cannot be explained exegetically, i.e., that Marx’s writings were not properly interpreted in the Marxist tradition. It must be explained historically. In our opinion, such an explanation must be sought in a consideration of the transformation of the theory as a result of its appropriation by working-class movements in their struggle to constitute themselves, achieve social recognition, and effect social and political changes. The historical question on the agenda was of the formation and consolidation of the class and could hardly have been that of its self-abolition and the labor it does. The notion of the self-realization of the proletariat, based on a positive attitude towards “labor” as the source of social wealth was an image adequate to that historical context, which was projected forward in the future as a determination of socialism. That notion, however, necessarily implies the developed existence of capital, not its abolition.
58. An example of the limitations of an analysis that interprets the categories of value and use-value only in terms of the market, is afforded by Antonio Carlo’s attempt critically to analyze the Soviet Union (“The Socioeconomic Nature of the USSR,” *Telos*, 21 (Summer 1974). While denying that the Soviet Union is socialist, Carlo rejects all attempts to analyze it as a state capitalist form on the grounds that, in the absence of a market, production is of use-value. He claims, therefore, that, although production in the USSR has the same form as in capitalism, the working class there does not constitute a proletariat. This is an extreme example of the social emptiness of the Marxian categories when interpreted as being those of political economy.
59. This, in our opinion, constitutes the theoretical context within which Jürgen Habermas’ attempt to call into question the socially synthetic and constitutive role attributed to labor should be understood. His strategic intent, apparently, is to save the possibility of emancipation by “rolling back” the centrality of labor in

- the theory, once it had been shown to be an insufficient basis for freedom. Habermas' critique, however, while applicable to traditional Marxism, is not, as shall be indicated below, adequate to Marx.
60. Marx, *Grundrisse* (London, 1973), 157–8.
 61. The reinterpretation of the Marxian critique outlined below is based on Postone's current work.
 62. Marx, *Theories of Surplus Value*, II (Moscow, 1968), 164.
 63. Marx, *Capital*, I (London, 1976), 129.
 64. The analysis of the double character of commodity-producing labor indicates that *both* positions in the recent debate, initiated by Habermas' *Erkenntnis und Interesse*, on whether or not labor is a social category sufficiently synthetic to fulfill all that Marx demanded of it, deal with labor as "labor" in an undifferentiated transhistorical fashion, rather than with the specific and historically unique synthetic structure of labor in capitalism, as uncovered in the critique of political economy.
 65. *Capital*, 137. 66. *Ibid.*, 255. 67. *Ibid.*, 432.
 68. *Ibid.*, 658. 69. *Ibid.*, 491. 70. *Ibid.*, 638. 71. *Grundrisse*, 704ff.
 72. For a more extensive discussion of those passages in the *Grundrisse*, as well as an attempt to outline the possible subjective dimension of the contradiction, see M. Postone, "Necessity, Labor and Time," *Social Research* (Winter 1978).
 73. To avoid any unnecessary misunderstandings: This reinterpretation of the contradiction between the forces and relations of production should be taken to imply a position that assumes the necessary emergence of oppositional consciousness and the achievement of emancipation. The latter problems could not be directly addressed in this article. The problem, however, is not simply the relation between the objective and subjective dimensions of social life, for any approach to that question is necessarily informed by assumptions about the essential character of the social formation. Basic assumptions of traditional Marxism have been shared by a wide variety of theories that diverge considerably from one another on the level of the relation of social objectivity and subjectivity. It therefore no longer suffices, for example, to oppose "objectivist" theories of social change to those in which social practice and subjectivity play a central role, without investigating their social assumptions. Our concern in this article is to indicate the limitations of the traditional Marxist assumptions themselves for an adequate critique of capitalism.
 74. The notion of abstract domination appears in Habermas' *Legitimation Crisis* (1975) as class domination that is not manifest, but is veiled by the nonpolitical form of exchange (52). The existence of this form of domination, according to Habermas, grounded Marx's attempt to grasp the crisis-prone development of the social system by means of an economic analysis of the laws of motion of capital. With the repolitization of the social system in postliberal capitalism, domination once again becomes overt; the validity of Marx's attempt is therefore limited to liberal capitalism (52–3). Like Pollock, Habermas identified the law of value with the self-regulating market and grounds dominations in class structure. According to the interpretation presented here, however, class domination should not be assumed to be the invariable ground of social domination. The difference between concrete and abstract domination is therefore not simply a matter of how class domination prevails (politically or mediated by the market). It expresses, rather, that with the development of capitalism, class domination does not remain the ultimate ground of social domination, but itself becomes a function of a superordinate, "abstract" form of domination. Domination in capitalism is, ultimately, not grounded in the dominating class but in the compulsions exerted by the alienated forms of social relations (value, capital). Those forms can neither be grasped adequately in terms of the market nor, as quasi-independent forms that exist outside and opposed to individuals and classes, can they be understood in terms of the concrete social relations among them.
 75. This notion of two-sided development clearly has little in common with notions of linear progress, whether with reference to the development of (capitalist) society in general or to that of production in the narrower sense ("technical progress"). The latter notion fails to penetrate the fetish on the level of capital and considers the process of production only in terms of concrete labor. This holds true for all optimistic varieties of traditional Marxism, in which the development of "labor" is considered to be the guarantor of the good life, as well as the pessimistic reaction of Critical Theory and Habermas' subsequent attempt to ground the possibility of emancipation outside of the realm of "technical progress." In terms of Marx's analysis, any attempt to consider the relation of production and emancipation that proceeds from an understanding of labor in capitalism as "labor" must necessarily pose the problem inadequately.

76. Although such a transformation would not affect the basic temporal determination of the value form, it would entail a significant change in the manner in which that form prevails. While the market does not play a central role in Marx's analysis of the relations of production in Vol. I, competition is important in Vol. III, for example, as the means by which an average rate of profit is established. It is at this level that the emergence of state capitalism demands a revision of Marx's critical analysis.
77. *Capital*, I, 255–6.
78. M. Postone and H. Reinicke, "On Nicolaus," *Telos*, 22 (Winter 1974–5), 139.
79. For a similar argument, cf. Iring Fetscher, "Vier Thesen zur Geschichtsauffassung bei Hegel und Marx," in Hans Georg Gadamer, ed., *Stuttgarter Hegel-Tage 1970* (Bonn, 1974), 481–488.
80. That historically determinate forms are perceived and understood as being trans-historical is central to Marx's notion of the fetish, which he explicated and grounded as the epistemological dimension of the dialectic of the categorical social forms.
81. Cf. Arato, "Introduction," in Arato and Gebhardt, 12, 19.
82. Postone and Reinicke, 135–6. 83. *MEW*, 3, 5–6.
84. "Traditional and Critical Theory," *Zeitschrift für Sozialforschung*, VI (1937), 156–7.
85. *Ibid.*, 259, 262. 86. *Ibid.*, 265.
87. *Ibid.*, 282. Horkheimer is not referring to the unity of theory and practice simply in terms of political activity, but, more fundamentally, on the level of social constitution.
88. "Traditional and Critical Theory," 251. 89. *Ibid.*
90. *Ibid.*, 258. 91. *Ibid.*, 259. 92. *Ibid.*, 271.
93. *Ibid.*, 281, 257. 94. *Ibid.*, 255, 279. 95. *Ibid.*, 270.
96. *Ibid.*, 269. 97. *Ibid.*, 262, 272. 98. *Ibid.*, 257, 270.
99. *Ibid.*, 257. 100. *Ibid.*, 263. 101. *Ibid.*, 271.
102. *Ibid.*, 268–291. 103. *Ibid.*, 268. 104. *Ibid.*, 273. 105. *Ibid.*, 285–7.
106. *Ibid.*, 285. 107. *Ibid.*, 287–8. 108. In Arato and Gebhardt, 96.
109. *Ibid.*, 102. 110. *Ibid.*, 109. 111. *Ibid.*, 103, 109. 112. *Ibid.*, 109–11.
113. *Ibid.*, 106. 114. *Ibid.*, 112, translation changed.
115. *Ibid.*, 114. 116. *Ibid.*, 106, translation changed.
117. *Ibid.*, 107. 118. *Ibid.*, 119. *Ibid.*, 107–8, 116.
120. *Ibid.*, 106, translation changed. 121. *Ibid.*, 108. 122. *Ibid.*, 108–9.