

## 7 Critique, state, and economy

The theorists who conceptualized Critical Theory's general framework set themselves a double task: they sought to critically illuminate the great historical changes of the twentieth century while reflexively grounding the possibility of their critique with reference to its historical context.<sup>1</sup> Most attempts to contextualize Critical Theory have done so in terms of contemporary historical developments, such as the failure of revolution in the West after World War One and the Russian Revolution, the development of Stalinism, the rise of Fascism and Nazism, and the growing importance of mass-mediated forms of consumption, culture, and politics.<sup>2</sup> Too often, however, such attempts do not consider that Critical Theory sought to make sense of such developments with reference to a superordinate historical context – an epochal transformation of capitalism in the first part of the twentieth century. In grappling with this transformation, the Frankfurt School theorists formulated sophisticated and interrelated critiques of instrumental reason, the domination of nature, political domination, culture, and ideology. Yet they also encountered fundamental conceptual difficulties. These difficulties were related to a theoretical turn taken in the late 1930s, in which the newer configuration of capitalism came to be conceived as a society that, while remaining antagonistic, had become completely administered and one-dimensional.

This pessimistic turn cannot be fully understood with reference to the bleakness of its immediate historical context in the late 1930s. It also resulted from the fundamental assumptions according to which that context was analyzed. Critical Theory's turn illuminates the limits of those assumptions inasmuch as it ultimately

weakened both the theory's capacity to adequately grasp the ongoing historical dynamic of modern capitalist society and its reflexive character.

## I

Central to Critical Theory was the view that capitalism was undergoing a fundamental transformation, entailing a changed relationship of state, society, and economy. This general analysis was formulated in various ways by Friedrich Pollock and Max Horkheimer, who belonged to the "inner circle" of Frankfurt School theorists, and Franz Neumann and Otto Kirchheimer, who did not. Whatever their differences, they all shared a fundamentally historical approach to questions of the state, law, politics, and economics. They did not accord ontological status to these dimensions of modern social life, but regarded political, legal, economic, and cultural forms to be intrinsically related, and sought to delineate their historical transformation with the supersession of nineteenth-century liberal capitalism by a new bureaucratized form of capitalism in the twentieth century.

The general analysis by these theorists of contemporary historical changes in the relation of state and society was, in part, consonant with mainstream Marxist thought. The new centralized, bureaucratized configuration of polity and society was seen as a necessary historical outcome of liberal capitalism, even if this configuration negated the liberal order that generated it. Hence, there could be no return to a *laissez-faire* economy or, more generally, a liberal order (Pollock, *ZfS* 1: 10, 15, 21 and *ZfS* 2: 332, 350; Horkheimer, *CTS* 78ff.; Neumann, *ZfS* 6: 39, 42, 52, 65, 66; Kirchheimer, *SPSS* 9: 269–89; Marcuse, *ZfS* 3: 161–95).

Nevertheless, the approaches developed by those close to the Institute and its house publication, the *Zeitschrift für Sozialforschung*, differed from most conventional Marxist understandings of capitalism's historical development in important respects. They did not, for example, regard the displacement of a liberal, market-centered order by a bureaucratized administered one to be an unequivocally positive development. All of the theorists involved – Pollock, Horkheimer, Neumann, Kirchheimer – considered important aspects of social, political, and individual life in liberal or bourgeois capitalist society

to be more emancipatory, however equivocally, than the forms that superseded them. Similarly, they did not simply equate the individual with capitalism and the collective with socialism. Their approaches implied that a future, liberated society could not simply be a linear continuation of postliberal capitalism, but rather must retrieve and incorporate elements, however transformed, from the liberal past.

Instead of regarding the transition from liberal to bureaucratic state-centric capitalism as an expression of linear historical progress, these theorists analyzed it in terms of a shift in the nature of domination in capitalism. Their account of a shift in the nature of political culture became central to the better-known analyses by Horkheimer, Adorno, and Marcuse of transformations in the nature of culture and of personhood in the twentieth century. Friedrich Pollock, for example, regarded the market to be centrally constitutive of social relations under capitalism. The liberal order, however unjust, was characterized by an impersonal legal realm that was constitutive of the separation of private and public spheres and, hence, of the formation of the bourgeois individual. In postliberal capitalism, the state displaces the market as the central determinant of social life. A command hierarchy operating on the basis of a one-sided technical rationality replaces market relations and the rule of law (*SPSS* 9: 206–7, 443–9).

Otto Kirchheimer drew a similar historical contrast between liberalism and what he termed “mass democracy.” In the former, money functioned as an impersonal universal medium of exchange; political compromise was effected among individual parliamentarians and between parliamentarians and the government under the informal aegis of institutions of public opinion. In the latter, central banks powerful enough to compete with governments superseded the impersonal universal medium; political compromise was effected between quasicorporate groups (capital and labor) whereby individual political and legal rights were sharply curtailed. This laid the groundwork for the fascist form of compromise where the state sanctions the subsumption of individual rights under group rights and the monopolies’ private power and the state’s public powers are merged. A form of technical rationality becomes dominant, according to Kirchheimer, which is rational only for the power elites (*SPSS* 9: 276–88, 456–75).

Franz Neumann also considered elements of the liberal constitutional state to be positive. Although formal general laws may have obscured the domination of the bourgeois class while rendering the economic system calculable, according to Neumann, the general character of law, the independence of the judiciary, and the separation of powers promoted and protected individual freedom and equality. He argued that these elements of the liberal order need not and should not be abolished with the overturn of capitalism. Neumann was very critical of the tendency for particularized substantive laws to be substituted for the formal and general laws of the liberal epoch, a tendency that, in his view, was an aspect of the transformation of capitalism in the twentieth century. This process, according to Neumann, reached its apogee under Fascism (*ZfS* 6).

In spite of the general agreement among these theorists, however, there were also important differences – particularly between Pollock and Neumann – that had significant theoretical and political consequences. These differences emerged openly in 1940–1 with regard to the nature of the Nazi regime. Pollock considered that regime to be an example of an emerging new configuration of capitalism, which he treated ideal-typically as “state capitalism.” He characterized this new configuration as an antagonistic society in which the economic functions of the market and private property had been taken over by the state. Consequently, the sort of contradiction between production and private property and the market that had marked liberal capitalism no longer characterized state capitalism (*SPSS* 9: 200–25, 440–55). Neumann countered that Pollock’s thesis was empirically incorrect and theoretically questionable. In *Behemoth*, Neumann’s massive study of National Socialism, he argued that the Nazi regime was a highly cartelized form of capitalism in which heterogeneous ruling elites – Nazi party officials, capitalists, military officers, state bureaucrats – jostled with one another for power. He strongly rejected Pollock’s thesis of state capitalism, and claimed that capitalism’s contradictions remained operative in Germany even if covered up by the bureaucratic apparatus and the ideology of the *Volks* community (*B* 227–8). Indeed, Neumann claimed, the very notion of “state capitalism” is a contradiction in terms. Should a state become the sole owner of the means of production, it would be impossible for capitalism to function. Such a state would have to be described with political categories (such as “slave state,” “managerial dictatorship,”

or “system of bureaucratic collectivism”). It could not be described with economic categories (such as “capitalism”) (*B* 224).

The differences between Pollock and Neumann usually have been presented as a debate on the nature of National Socialism.<sup>3</sup> While this issue certainly occasioned this debate, the theoretical and political stakes of the differences between Pollock and Neumann were much higher.<sup>4</sup> They involved fundamental differences regarding the theoretical framework within which the transformation of capitalism was understood.<sup>5</sup> These differences had consequences for the way in which the new phase of capitalism was understood, the question of whether this new phase included the Soviet Union, and, reflexively, the nature of a critical theory adequate to those changes.

I shall focus on Pollock’s argument inasmuch as it was adopted and shared by the inner circle of the Frankfurt School and was central to Critical Theory’s pessimistic turn in the late 1930s and early 1940s. Before doing so, I shall briefly discuss the term “traditional Marxism” as I use it and elaborate on the significance of the notion of contradiction for a critical theory.

## II

Pollock’s analysis of the transformation of capitalism presupposes some basic assumptions of traditional Marxism. I use this term not to delineate a specific historical tendency in Marxism, but rather to characterize a general critical framework that regards private ownership of the means of production and a market economy to be capitalism’s most fundamental social relations. Within this general interpretation, the fundamental categories of Marx’s critique, such as “value,” “commodity,” “surplus value,” and “capital” are understood essentially as categories of the market and of the expropriation of the social surplus by a class of private owners.<sup>6</sup> The basic contradiction of capitalism is considered to be between these relations and the developed forces of production, interpreted as the industrial mode of producing. The unfolding of this contradiction gives rise to the historical possibility of socialism, conceptualized as collective ownership of the means of production and economic planning.<sup>7</sup>

The notion of contradiction is not simply an important aspect of traditional Marxism; it is central to any immanent social critique. A critical theory of society that assumes people are socially constituted

must be able to explain the possibility of its own existence immanently; it must view itself as embedded within its context, if it is to remain consistent. Such a theory does not judge critically what "is" from a conceptual position that, implicitly or explicitly, purports to be outside of its own social universe, such as a transcendent "ought." Indeed, it must regard the very notion of such a decontextualized standpoint as spurious. Instead, it must be able to locate that "ought" as a dimension of its own context, as a possibility that is immanent to the existent society. Such a critique must be able to reflexively ground its own standpoint by means of the same categories with which it grasps its object, its social context. That is, the critique must be able to show that its context generates the possibility of a critical stance towards itself. It follows that an immanent social critique must show that the society of which it is a part is not a one-dimensional unitary whole. An analysis of the underlying social relations of modern society as contradictory provides the theoretical basis for an immanent critique.

The notion of contradiction also provides the conceptual grounding for a central, historically specific, hallmark of capitalism as a form of social life – that it is uniquely characterized by an ongoing, nonteleological dynamic. In Marx's critique of political economy, the contradictory character of the fundamental social forms of capitalism (commodity, capital) underlies that social formation's ongoing directional dynamic. Such an approach elucidates this intrinsic historical dynamic in social terms, whereas all transhistorical theories of history, whether dialectical or evolutionary, simply presuppose it.<sup>8</sup> Grasping capitalism's basic social relations as contradictory, then, allows for an immanent critique that is historical, one that elucidates a dialectical historical dynamic intrinsic to the social formation that points beyond itself – to that realizable "ought" which is immanent to the "is" and which serves as the standpoint of its critique. Such an immanent critique is more fundamental than one that simply opposes the reality of modern capitalist society to its ideals.<sup>9</sup>

The significance of the notion of social contradiction thus goes far beyond its narrow interpretation as the basis of economic crises in capitalism. It should also not be understood simply as the social antagonism between laboring and expropriating classes. Social contradiction refers, rather, to the very structure of a society, to a

self-generating “nonidentity” intrinsic to its structures of social relations that do not, therefore, constitute a stable unitary whole.<sup>10</sup> Social contradiction is thus the precondition of an intrinsic historical dynamic as well as of an immanent social critique itself. It allows for theoretical self-reflexivity.<sup>11</sup>

To be adequate, the fundamental categories of the critique of capitalism must themselves express its social contradiction. As categories of an immanent social critique with emancipatory intent, they must adequately grasp the determinate grounds of domination in capitalism, so that the historical abolition of what is expressed by the categories implies the possibility of social and historical freedom. The adequacy of its categories allows the critique to reject both the affirmation of the given, of the “is,” as well as its utopian critique. As I shall show, attempts by Pollock and Horkheimer to analyze postliberal capitalism revealed that traditional Marxism’s categories do not adequately express the core of capitalism and the grounds of domination in that society; the contradiction expressed by those categories does not point beyond the present to an emancipated society. Nevertheless, although Pollock and Horkheimer revealed the inadequacies of the traditional critique’s categories, they did not sufficiently call into question the presuppositions underlying those categories. Hence, they were not able to reconstitute a more adequate social critique. The combination of these two elements of their approach resulted in the pessimism of Critical Theory.

### III

In the early 1930s Friedrich Pollock, together with Gerhard Meyer and Kurt Mandelbaum, developed his analysis of the transformation of capitalism associated with the development of the interventionist state, and over the course of the following decade he extended it. Both the increasingly active role played by the state in the socioeconomic sphere following the Great Depression and the Soviet experience with planning led Pollock to conclude that the political sphere had superseded the economic sphere as the locus of economic regulation and the articulation of social problems. He characterized this shift as one towards the primacy of the political over the economic (*SPSS* 9: 400–55). This notion, which later became

widespread in the 1960s, implies that Marxian categories may have been valid for the period of *laissez-faire* capitalism, but have since become anachronistic as a result of successful state intervention in economic processes.<sup>12</sup> Such a position may have appeared plausible in the decades following World War Two, but it has been rendered questionable by the subsequent global crisis of state-interventionist national economies. This crisis does not call into question Pollock's insight that the development of the interventionist state entailed far-reaching economic, social, and political changes. It does, however, suggest that the theoretical framework within which he analyzed those changes must be examined critically.

Pollock's analysis of the Great Depression and the transformation of capitalism developed in two, increasingly pessimistic, phases. In 1932–3, Pollock characterized capitalist development in terms of a growing contradiction, interpreted in the traditional Marxist fashion, between the forces of production and private appropriation mediated socially by the "self-regulating" market (*ZfS* 1: 21). This growing contradiction generated a series of economic crises culminating in the Great Depression, which marked the end of the era of liberal capitalism (*ZfS* 1: 10, 15 and *ZfS* 2: 350). There could be no return to a *laissez-faire* economy, according to Pollock (*ZfS* 2: 332); nevertheless, the development of free market capitalism had given rise to the possibility of a centrally planned economy (*ZfS* 1: 19–20). Yet – and this is the decisive point – this need not be socialism. Pollock argued that a *laissez-faire* economy and capitalism were not necessarily identical (*ZfS* 1: 16). Instead of identifying socialism with planning, he distinguished between a capitalist planned economy based on private ownership of the means of production within a framework of a class society, and a socialist planned economy marked by social ownership of the means of production within a framework of a classless society (*ZfS* 1: 18). Pollock maintained that a capitalist planned economy, rather than socialism, would be the most likely result of the Great Depression (*ZfS* 2: 350). In both cases the free market would be replaced by state regulation. At this stage of Pollock's thought, the difference between capitalism and socialism in an age of planning had become reduced to that between private and social ownership of the means of production. However, even the determination of capitalism in terms of private property had become ambiguous in these essays (*ZfS* 2: 338, 345–6, 349). It was effectively



abandoned in Pollock's essays of 1941, in which the theory of the primacy of the political was fully developed.

In the essays "State Capitalism" and "Is National Socialism a New Order?," Pollock characterized the newly emergent order as state capitalism. He proceeded "ideal-typically," opposing totalitarian and democratic state capitalism as the two primary ideal types of this new social order (*SPSS* 9: 200).<sup>13</sup> 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 (*SPSS* 9: 201). In the democratic form the people control it. Pollock's analysis focused on totalitarian state capitalism. 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, an aspect which was developed more fully by Horkheimer, Marcuse, and Adorno.

The central characteristic of state capitalism, according to Pollock, is the supersession of the economic sphere by the political sphere. The state now balances production and distribution (*SPSS* 9: 201). Although a market, a price system, and wages may still exist, they no longer serve to regulate the economic process (*SPSS* 9: 204, 444). Moreover, even if the legal institution of private property is retained, its economic functions have been effectively abolished (*SPSS* 9: 208–9, 442). Consequently, for all practical purposes, economic "laws" are no longer operative and no autonomous, self-moving economic sphere exists (*SPSS* 9: 208–9). Political problems of administration have replaced economic ones of exchange (*SPSS* 9: 217).

This transition, according to Pollock, has broad social implications. Under liberal capitalism the market determined social relations; people and classes confronted one another in the public sphere as quasi-autonomous agents. However unjust and inefficient the system may have been, the rules governing the public sphere were mutually binding. This impersonal legal realm was constitutive of the separation of the public and private spheres and the formation of the bourgeois individual (*SPSS* 9: 207, 443, 447). Under state capitalism the state becomes the main determinant of social life (*SPSS* 9: 206). Market relations are replaced by those of a command hierarchy in which technical rationality reigns in the place of law. Individuals

and groups, no longer autonomous, are subordinated to the whole, and the impetus to work is effected by political terror or by psychic manipulation (*SPSS* 9: 448–9).

Both the market and private property – capitalism’s basic social relations (traditionally understood) – have been effectively abolished in state capitalism, according to Pollock. Nevertheless, the social, political, and cultural consequences of that abolition have not necessarily been emancipatory. Expressing this view in Marxian categorical terms, Pollock maintained that production in state capitalism is no longer commodity production, but is for use. Yet this did not guarantee that production served “the needs of free humans in a harmonious society” (*SPSS* 9: 446). Given Pollock’s analysis of the nonemancipatory character of state capitalism and his claim that a return to liberal capitalism was impossible, the question became whether state capitalism could be superseded by socialism (*SPSS* 9: 452–5). This possibility could no longer be considered immanent to the unfolding of a contradiction intrinsic to a self-moving economy, since the contradiction had been overcome, according to Pollock, and the economy had become totally manageable (*SPSS* 9: 217, 454). He attempted to avoid the pessimistic implications of his analysis by sketching the beginnings of a theory of political crises.

Because state capitalism, according to Pollock, arose as a response to the economic ills of liberal capitalism, its primary tasks would be to maintain full employment and to develop the forces of production while maintaining the old social structure (*SPSS* 9: 203). Mass unemployment would result in a political crisis of the system. Totalitarian state capitalism, as an extremely antagonistic form, must, additionally, not allow the standard of living to rise appreciably, since that would free people to reflect critically upon their situation (*SPSS* 9: 220). Only a permanent war economy could achieve these tasks simultaneously, according to Pollock. In a peace economy, the system could not maintain itself, despite mass psychological manipulation and terror. A high standard of living could be maintained by democratic state capitalism, but Pollock seemed to view it as an unstable, transitory form: either class differences would assert themselves, pushing development towards totalitarian state capitalism, or democratic control of the state would result in the abolition of class society, thereby leading to socialism (*SPSS* 9: 219, 225). The prospects of the latter, however, appeared remote, given Pollock’s

thesis of the manageability of the economy and his awareness that a policy of military “preparedness,” which allows for a permanent war economy without war, is a hallmark of the state capitalist era (*SPSS* 9: 220).

#### IV

Several aspects of Pollock’s analysis are problematic. His examination of liberal capitalism indicated its developmental dynamic and historicity, showing how the immanent contradiction between its forces and relations of production gave rise to the possibility of a planned society as its historical negation. Pollock’s analysis of state capitalism, however, was static; it merely described various ideal types. No immanent historical dynamic was indicated out of which the possibility of another social formation might emerge. We must consider why, for Pollock, the stage of capitalism characterized by the “primacy of the economic” is contradictory and dynamic, while that characterized by the “primacy of the political” is not.

We can elucidate this problem by considering Pollock’s understanding of the economic sphere. In postulating the primacy of politics over economics, he conceptualized the latter in terms of the quasi-automatic, market-mediated coordination of needs and resources (*SPSS* 9: 203, 445ff.). His assertion that economic “laws” lose their essential function when the state supersedes the market implies that such laws are rooted in the market. The centrality of the market to Pollock’s notion of the economic is also revealed by his interpretation of the commodity: a good is a commodity only when circulated by the market, otherwise it is a use-value. This implies an understanding of the Marxian category of value – purportedly the fundamental category of the capitalist relations of production – solely in terms of the market. Pollock, in other words, understood the economic sphere and, implicitly, Marxian categories of the relations of production in terms of the mode of *distribution* alone. He interpreted the contradiction between the forces and relations of production accordingly, as one between industrial production and the bourgeois mode of distribution (the market, private property).<sup>14</sup> This contradiction generated the possibility that a new mode of regulation, characterized by planning in the effective absence of private property, would supersede the old relations of production (*ZfS* 2:

345ff.; *ZfS* 1: 15). According to such an interpretation, when the state supplants the market as the agency of distribution, the economic sphere is essentially suspended; a conscious mode of distribution and social regulation replaces the nonconscious, economic mode (*SPSS* 9: 217).

It should now be clear why state capitalism, according to such an interpretation, possesses no immanent historical dynamic. The latter implies a logic of development, beyond conscious control, which is based on a contradiction intrinsic to the system. In Pollock's analysis, the market is the source of all nonconscious social structures of necessity; it constitutes the basis of the so-called "laws of motion" of the capitalist social formation. For Pollock, moreover, macroeconomic planning implies conscious control not limited by any economic laws. It follows that the supersession of the market by state planning signifies the end of any blind historical logic; historical development becomes regulated consciously. Furthermore, an understanding of the contradiction between the forces and relations of production in terms of the growing inadequacy of the market and private property to conditions of developed industrial production implies that a mode of distribution based on planning and the effective abolition of private property *is* adequate to those conditions; a contradiction no longer exists between such new "relations of production" and the industrial mode of production. Such an understanding implicitly relegates Marx's notion of capitalism's contradictory character to the period of liberal capitalism. Pollock's notion of the primacy of the political thus refers to an antagonistic, yet *noncontradictory*, society possessing no immanent dynamic pointing towards the possibility of socialism as its historical negation.

Pollock's analysis reveals the limits of a critique focused on the mode of distribution. In his ideal-typical analysis the Marxian category of value (interpreted as a category of the market) had been superseded in state capitalism and private property had effectively been abolished. The result did not necessarily constitute the foundation of the "good society." On the contrary, it could and did lead to forms of greater oppression and tyranny that no longer could be grasped adequately by means of the category of value. Furthermore, according to his interpretation, the overcoming of the market meant that the system of commodity production had been replaced by one of use-value

production. Yet this was an insufficient condition of emancipation. For value and commodity to be critical categories adequate to capitalism, however, they must grasp the core of that society in such a way that their abolition constitutes the social basis of freedom. Pollock's analysis has the very important, if unintended, consequence of indicating that the Marxian categories, when understood traditionally, do not adequately grasp the grounds of domination in capitalism. Rather than rethink the traditional interpretation, however, Pollock retained that interpretation and implicitly limited the validity of Marx's categories to liberal capitalism.

As a result, the basic economic organization of both state capitalism and socialism is the same in Pollock's approach: central planning and the effective abolition of private property under conditions of developed industrial production. This, however, suggests that his traditional interpretation did not adequately grasp the capitalist relations of production. The term "relations of production" refers to what characterizes capitalism as capitalism. I have shown that capitalism – as state capitalism – could exist without the market and private property according to Pollock. 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 configuration as capitalist? The logic of Pollock's interpretation should have led to a fundamental reconsideration: if the market and private property are, indeed, the capitalist relations of production, the ideal-typical postliberal form should not be considered capitalist. On the other hand, characterizing the new form as capitalist, in spite of the (presumed) abolition of those relational structures, implicitly demands a different understanding of the relations of production essential to capitalism. It calls into question identifying the market and private property with the essential relations of production – even for capitalism's liberal phase. Pollock, however, did not undertake such a reconsideration. Instead he modified the traditional understanding of the relations of production by limiting its validity to capitalism's liberal phase and postulated its supersession by a political mode of distribution. This gave rise to theoretical problems that point to the necessity for a more radical reexamination of the traditional theory. If one maintains that the capitalist social formation possesses successively different "relations of production," one

necessarily posits a core of that formation that is not fully grasped by any of those relations. This indicates, however, that capitalism's basic relations of production have not been adequately determined.

It is, therefore, not surprising that Pollock could not adequately justify his characterization of postliberal society as capitalist. He did speak of the continued importance of profit interests, but dealt with the category of profit indeterminately, as a subspecies of power (*SPSS* 9: 201, 205, 207). His treatment of profit merely emphasized the political character of state capitalism without further elucidating its capitalist dimension. The ultimate ground for Pollock's characterization of postliberal society as state capitalist is that it remains antagonistic, that is, a class society (*SPSS* 9: 201, 219). The term "capitalism," however, requires a more specific determination than that of class antagonism, for all developed historical forms of society have been antagonistic in the sense that the social surplus is expropriated from its immediate producers and not used for the benefit of all. A notion of state capitalism necessarily implies that what is being regulated politically is capital; it demands, therefore, a concept of capital. Such considerations, however, are absent in Pollock's treatment. What in Pollock's analysis remains the essence – class antagonism – is too historically indeterminate to be of use in specifying the capitalist social formation. These weaknesses again indicate the limits of Pollock's traditional point of departure: locating the relations of production only in the sphere of distribution.

v

It should be clear that a critique of Pollock, like Neumann's, that remains within the framework of traditional Marxism is inadequate. Neumann's critique reintroduced a dynamic to the analysis by pointing out that market competition and private property did not disappear or lose their functions under state-interventionist capitalism. On a less immediately empirical level, his critique raised the question whether capitalism could ever exist in the absence of the market and private property. However, Neumann's critique avoided addressing the fundamental problems Pollock raised regarding the endpoint of capitalism's development as traditionally conceived. The issue is whether the abolition of the market and private property is indeed a sufficient condition for an emancipated society. Pollock's approach,

in spite of its frozen character and shaky theoretical foundation, indicated that an interpretation of the relations of production and, hence, value in terms of the sphere of distribution does not sufficiently grasp the core of domination in capitalism. This approach allowed him to include the Soviet Union within the purview of the critique of postliberal capitalism.<sup>15</sup> It is precisely because of these far-reaching implications that Pollock's approach was essentially adopted by mainstream Critical Theory. The problem with Pollock's approach was that it pointed to the need for a fundamental rethinking of the critique of capitalism that it did not adequately undertake. Nevertheless, to criticize Pollock from the standpoint of the traditional interpretation does not advance matters. It ignores the gains that Pollock's considerations of the problem of the twentieth-century state-centric configuration of capitalism represent.

In spite of the difficulties associated with Pollock's ideal-typical approach, it has the unintended heuristic value of revealing the problematic character of traditional Marxism's presuppositions. One can characterize that theory in very general terms as one that (1) identifies the capitalist relations of production with the market and private property and (2) regards capitalism's basic contradiction as one between industrial production, on the one hand, and the market and private property, on the other. Within this framework, industrial production is understood as a technical process, intrinsically independent of "capitalism." The transition to socialism is considered in terms of a transformation of the mode of distribution – not, however, of production itself. 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.

Marx's mature theory entailed a critical analysis of the historically specific character of labor in capitalism. The traditional interpretation, however, is based on a transhistorical, affirmative understanding of labor as an activity mediating humans and nature – what Marx critically termed "labor" – positing it as the principle of social constitution and the source of wealth in all societies.<sup>16</sup> Within the framework of such an interpretation (which is closer to classical political economy than it is to Marx's critique of political economy), Marx's "labor theory of value" is taken to be a theory that demystifies capitalist society by revealing "labor" to be the true source of social

wealth.<sup>17</sup> "Labor," transhistorically understood, serves as the basis for a critique of capitalist society.

When socialism is conceptualized as a mode of distribution adequate to industrial production, that adequacy implicitly becomes the condition of general human freedom. Emancipation, in other words, is grounded in "labor." It is realized in a social form where "labor," freed from the fetters of "value" (the market) and "surplus value" (private property), has openly emerged and come to itself as the regulating principle of society.<sup>18</sup> This notion, of course, is inseparable from that of socialist revolution as the "coming to itself" of the proletariat.<sup>19</sup>

The limitations of this traditional framework become historically evident when the market loses its central role as the agency of distribution. Examining Pollock's analysis revealed that any attempt based on traditional Marxism to characterize the resultant politically regulated social order as capitalist remains inconsistent or underdetermined. By indicating that the abolition of the market and private property is an insufficient condition for human emancipation, Pollock's treatment of postliberal capitalism inadvertently showed that the traditional Marxist categories are inadequate as critical categories of the capitalist social formation. Moreover, Pollock's refusal to consider the new social configuration as merely one that is not yet fully socialist enabled him to grasp its new, more negative modes of political, social, and cultural domination as systematic rather than contingent. His analysis also revealed that the Marxian notion of contradiction as a hallmark of the capitalist social formation is not identical with the notion of class antagonism. Whereas an antagonistic social form can be static, the notion of contradiction implies an intrinsic dynamic. By considering state capitalism to be an antagonistic form which does not possess such a dynamic, Pollock's approach drew attention to the necessity of structurally locating social contradiction in a manner that goes beyond considerations of class.

An important consequence of Pollock's approach was that it implied a reversal in the theoretical evaluation of labor. I have shown that, for Pollock, central planning in the effective absence of private property is not, in and of itself, emancipatory, although that form of distribution is adequate to industrial production. This calls into question the notion that "labor" is the basis of general human



freedom. Yet, Pollock's break with traditional Marxism did not really overcome its basic assumptions regarding the nature of labor in capitalism. Instead, he retained the transhistorical notion of "labor," but implicitly reversed his evaluation of its role. According to Pollock's analysis, the historical dialectic had run its course; "labor" had come to itself and the totality had been realized. That the result was anything but emancipatory must therefore be rooted in the character of "labor." Whereas "labor" had been regarded as the locus of freedom, it now implicitly became considered a source of domination.

## VI

The reversal regarding "labor" implied by Pollock's analysis of the qualitative transformation of capitalist society was central to Critical Theory's subsequent association of "labor" with instrumental or technological rationality, and entailed a reflexive transformation of the immanent critique at the heart of Critical Theory. The broader implications of this transformation and its problematic aspects become evident when the development of Max Horkheimer's conception of Critical Theory is examined.

The transformation of Critical Theory has been characterized in terms of the supersession of the critique of political economy by the critique of politics, the critique of ideology, and the critique of instrumental reason. This shift has been usually understood as one from a critical analysis of modern society focused on only one sphere of social life to a broader and deeper approach. Yet an examination of Pollock's analysis suggests this evaluation must be modified. The theorists of the Frankfurt School, from the very beginning, viewed the economic, social, political, legal, and cultural dimensions of life in capitalism as interrelated. They did not grasp the critique of political economy in an economic, reductionist manner. What changed theoretically in the period of 1939–41 was that the new phase of capitalism became understood as a noncontradictory social whole. The nature of the Frankfurt School's subsequent critique of ideology and of instrumental reason was directly related to this understanding of postliberal capitalism.

One can see the relation between the state capitalism thesis and the transformation of Critical Theory by comparing two essays written by Horkheimer in 1937 and 1940. In his classic 1937 essay,

"Traditional and Critical Theory," Horkheimer still grounded Critical Theory in the contradictory character of capitalist society. At the heart of this essay is the notion that perception and thought are molded sociohistorically; both subject and object are socially constituted (*CT* 201). On this basis, Horkheimer contrasts "traditional" and "critical" theory, analyzing Descartes as the arch-representative of the former. Traditional theory, according to Horkheimer, does not grasp the socially constituted character and historicity of its social universe, and, hence, the intrinsic interrelatedness of subject and object (*CT* 199, 204, 207). Instead, it assumes the essential immutability of the relation of subject, object, and theory. Consequently, it is not able to think the unity of theory and practice (*CT* 211, 231). In a manner reminiscent of Marx's analysis of various forms of "fetishism," Horkheimer seeks to explain this hypostatized dualism as a social and historical possibility by relating it to the forms of appearance that veil the fundamental core of capitalist society (*CT* 194–5, 197, 204).

At its core, capitalist society is a social whole constituted by labor that could be rationally organized, according to Horkheimer. Yet market mediation and class domination based on private property impart a fragmented and irrational form to that society (*CT* 201, 207, 217). As a result, capitalist society is characterized by blind mechanical necessity and by the use of human powers for controlling nature in the service of particular interests rather than for the general good (*CT* 229, 213). Although capitalism once had emancipatory aspects, it now increasingly hinders human development and drives humanity towards a new barbarism (*CT* 212–13, 227). A sharpening contradiction exists between the social totality constituted by labor, on the one hand, and the market and private property, on the other.

This contradiction, according to Horkheimer, constitutes the condition of possibility of Critical Theory as well as the object of its investigation. Critical Theory does not accept the fragmented aspects of reality as given, but rather seeks to understand society as a whole. This necessarily involves grasping what fragments the totality and hinders its realization as a rational whole. Critical Theory entails an immanent analysis of capitalism's intrinsic contradictions, thereby uncovering the growing discrepancy between what is and what could be (*CT* 207, 219). It thus rejects the acceptance of the given, as well as utopian critique (*CT* 216). Social production, reason, and

human emancipation are intertwined and provide the standpoint of a historical critique in this essay. A rational social organization serving all its members is, according to Horkheimer, a possibility immanent to human labor (CT 213, 217).

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

Horkheimer wrote "Traditional and Critical Theory" long after the National Socialist defeat of working-class organizations. Nevertheless, he continued to analyze the social formation as essentially contradictory. In other words, the notion of contradiction for Horkheimer referred to a deeper structural level than that of immediate class antagonism. Thus, he claimed that, as an element of social change, Critical Theory exists as part of a dynamic unity with the dominated class but is not immediately identical with the current feelings and visions of that class (CT 214–15). Critical Theory deals with the present in terms of its immanent potential; it cannot therefore, be based on the given alone (CT 219, 220). Though in the 1930s Horkheimer was skeptical of the *probability* that a socialist transformation would occur in the foreseeable future, the *possibility* of such a transformation remained, in his analysis, immanent to the contradictory capitalist present.

Horkheimer did maintain that capitalism's changed character demanded changes in the *elements* of Critical Theory and drew attention to new possibilities for conscious social domination resulting

from the increased concentration and centralization of capital. He related this change to a historical tendency for the sphere of culture to lose its previous position of relative autonomy and become embedded more immediately in the framework of social domination (CT 234–7). Horkheimer thereby laid the groundwork for a critical focus on political domination, ideological manipulation, and the culture industry. Nevertheless, he insisted that the *basis* of the theory remained unchanged inasmuch as the basic economic structure of society had not changed (CT 234–5).

At this point, the shift in Critical Theory's object of investigation 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. Yet, despite the defeat of working-class organizations by Fascism, Horkheimer did not yet express the view that the contradiction between the forces and relations of production had been overcome. His critique remained immanent and was not yet fundamentally pessimistic. Its character changed later, following the outbreak of World War Two, and was related to the change in theoretical evaluation expressed by Pollock's notion of the primacy of the political.

In "The Authoritarian State" (1940) Horkheimer addressed the new form of capitalism, which he now characterized as "state capitalism . . . the authoritarian state of the present" (EFS 96; translation emended). His analysis was basically similar to Pollock's, although Horkheimer more explicitly referred to the Soviet Union as the most consistent form of state capitalism (EFS 101–2). All forms of state capitalism are repressive, exploitative, and antagonistic according to Horkheimer. Although they are not subject to economic crises, inasmuch as the market had been overcome, they are, nevertheless, ultimately unstable (EFS 97, 109–10).

In this essay, Horkheimer expressed a new, deeply ambiguous attitude towards the forces of production. On the one hand, some passages in "The Authoritarian State" still described the forces of production, traditionally interpreted, as potentially emancipatory. For instance, Horkheimer argued that the forces of production are consciously held back in the interests of domination and claimed that using production in this way rather than to satisfy human needs would result in an international political crisis tied

to the constant threat of war (*EFS* 102–3). Even in these passages, however, Horkheimer did not treat this crisis as expressing the possible determinate negation of the system, but rather as a dangerous result that *demands* its negation (*EFS* 109–11). The gap delineated here between what is and what could be were it not for the fetters on the forces of production highlights the antagonistic nature of the system, but no longer has the form of an intrinsic contradiction.

The dominant tendency of the essay, moreover, is to maintain that there is no contradiction or even necessary disjunction between the developed forces of production (traditionally understood) and authoritarian political domination. The forces of production, freed from the constraints of the market and private property, have not proved to be the source of freedom and a rational social order (*EFS* 112). On the contrary, Horkheimer now skeptically wrote that, although the development of productivity *may* have increased the possibility of emancipation, it certainly *has* led to greater repression (*EFS* 106–7, 109, 112).

“The Authoritarian State” signaled a turn to a pessimistic theory of history. Horkheimer now maintained that the laws of historical development, driven by the contradiction between the forces and relations of production, had only led to state capitalism (*EFS* 107). He, therefore, radically called into question any social uprising based on the development of the forces of production (*EFS* 106) and reconceptualized the relation of emancipation and history by according social revolution two moments:

Revolution brings about what would also happen without spontaneity: the societalization of the means of production, the planned management of production and the unlimited control of nature. And it also brings about what would never happen without resistance and constantly renewed efforts to achieve freedom: the *end of exploitation*. (ibid.)

Here Horkheimer fell back to a position characterized by an antinomy of necessity and freedom. He now presented history deterministically, as an automatic development in which labor comes to itself, but not as the source of emancipation. He treated freedom, on the other hand, in a purely voluntarist fashion, as an act of will against history (*EFS* 107–8, 117).<sup>20</sup> Horkheimer now assumed that (1) the material conditions of life in which freedom for all could

be fully achieved are identical to those in which domination of all is realized, (2) those conditions automatically emerge, and (3) they are essentially irrelevant to the question of freedom (*EFS* 114). Not having fundamentally reconsidered the traditional Marxist reading of the categories, Horkheimer was no longer able to consider freedom a determinate historical possibility, but rather had to regard it as historically and socially indeterminate: "Critical Theory . . . confronts history with that possibility which is always visible within it" (*EFS* 106). Horkheimer's insistence that a greater degree of freedom had always been possible did not allow for a consideration of the relation among various sociohistorical contexts, different conceptions of freedom, and the sort (rather than the degree) of emancipation that can be achieved within a particular context. His notion of the relation of history and emancipation had become indeterminate.

In conceptualizing state capitalism as a form in which the contradictions of capitalism had been overcome, Horkheimer came to realize the inadequacy of traditional Marxism as a historical theory of emancipation. Yet 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, expressed by the antinomial opposition of emancipation and history, undermined Horkheimer's earlier, dialectically self-reflective epistemology. If emancipation is no longer grounded in a determinate historical contradiction, a critical theory with emancipatory intent must also take a step outside of history. I have shown that Horkheimer's theory of knowledge in 1937 assumed that social constitution is a function of "labor" which, in capitalism, is fragmented and hindered by the relations of production from fully realizing itself. In 1940, however, he considered the contradictions of capitalism to have been no more than the motor of a repressive development, which he expressed categorially by claiming that "the self-movement of the concept of the commodity leads to the concept of state capitalism just as for Hegel the certainty of sense data leads to absolute knowledge" (*EFS* 108). Horkheimer now argued 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 existing order. Yet, he did not reformulate the categories and, hence, their dialectic in a manner that would go beyond the limits of that order. Instead, retaining the

traditional understanding, Horkheimer reversed his earlier position. "Labor" and the totality had previously constituted the standpoint of the critique and the basis of emancipation; they now became the grounds of oppression and domination.

The result was a series of ruptures. Horkheimer not only located emancipation outside of history, but, to save its possibility, now introduced a disjunction between concept and object: "The identity of the ideal and reality is universal exploitation . . . The difference between concept and reality – not the concept itself – is the foundation for the possibility of revolutionary praxis" (*EFS* 108–9). This step was rendered necessary by the conjunction of Horkheimer's continued passion for general human emancipation with his analysis of state capitalism. As indicated above, an immanent social critique must show that its object – its social context – and, hence, the categories that grasp that object, are not unidimensional. The notion that the contradiction of capitalism had been overcome implies, however, that the social object has become one-dimensional. Within such a framework, the "ought" is no longer an immanent aspect of a contradictory "is." Hence, the result of an analysis that grasps what is would necessarily be affirmative. Because Horkheimer no longer considered the whole to be intrinsically contradictory, he now posited the difference between concept and actuality in order to allow room for another possible actuality.

Horkheimer's position – that critique cannot be grounded upon any concepts (such as "commodity") – necessarily posits indeterminacy as the basis of the critique. According to such a position, since the totality does not subsume all of life, the possibility of emancipation, however dim, is not extinguished. Yet this position cannot point to the possibility of a determinate negation of the existing social order. Similarly, it has no way of accounting for itself reflexively as a determinate possibility and, hence, as an adequate Critical Theory of its social universe.<sup>21</sup>

Horkheimer's Critical Theory could have retained its reflexive character if only it would have embedded the affirmative relation it posited between the concept and its object within another, more encompassing set of categories that still would have allowed theoretically for the immanent possibility of critique and historical transformation. Horkheimer, however, did not undertake such a reconsideration. The disjunction of concept and actuality rendered his

position similar to that which he had criticized earlier in traditional theory: theory is not understood as a part of the social universe in which it exists, but is accorded a spurious independent position. Horkheimer's concept of the disjunction of concept and reality cannot explain itself.

The dilemma entailed by Horkheimer's pessimistic turn retrospectively highlights a weakness in his earlier, apparently consistent epistemology. In "Traditional and Critical Theory" the possibility of fundamental critique, as well as of the overcoming of the capitalist formation, was 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. According to such an interpretation, Marxian categories such as "value" and "capital" express those inhibiting social relations – the mode of distribution; they ultimately are extrinsic to "labor" itself. This means that when the concepts of commodity and capital are understood only in terms of the market and private property, they do not really express the contradictory character of the social totality. Instead, they grasp only one dimension of that totality, the relations of distribution, which eventually comes to oppose its other dimension, social "labor." The categories, so interpreted, are essentially one-dimensional from the very beginning. This implies that, even in Horkheimer's earlier essay, the critique is external to, rather than grounded in, the categories. It is a critique of the social forms expressed by the categories from the standpoint of "labor." Once "labor" no longer appeared to be the principle of emancipation, given the repressive results of the abolition of the market and private property, the previous weakness of the theory emerged overtly as a dilemma.

In spite of its apparently dialectical character, then, Horkheimer's earlier Critical Theory did not succeed in grounding itself as critique in the concepts immanent to capitalist society. In discussing Pollock, I showed that the weakness of his attempt to characterize postliberal society as state capitalism reveals that the determination of the capitalist relations of production in terms of the market and private property had always been inadequate. By the same token, the weakness of Horkheimer's reflexive social theory indicates the inadequacy of a critical theory based on a notion of "labor." That Horkheimer



became aware of the inadequacy of such a theory without reconsidering its assumptions resulted in a reversal of, rather than an advance beyond, an earlier traditional Marxist position. In 1937, Horkheimer still regarded "labor" positively as that which, in contradiction to the social relations of capitalism, constitutes the ground for the possibility of critical thought, as well as of emancipation. By 1940 he began to consider the development of production as the progress of domination. In *Dialectic of Enlightenment* (1944/47) and *Eclipse of Reason* (1947), Horkheimer's evaluation of the relationship between production and emancipation became more unequivocally negative: "Advance in technical facilities for enlightenment is accompanied by a process of dehumanization" (ER vi). He claimed that the nature of social domination had changed and had increasingly become a function of technocratic or instrumental reason, which he grounded in "labor" (ER 21). And although he did assert that the contemporary decline of the individual and the dominance of instrumental reason should not be attributed to technics or production as such, but to the forms of social relations in which they occur, his notion of such forms remained empty (ER 153). He treated technological development in a historically and socially indeterminate manner, as the domination of nature. Hence, in spite of Horkheimer's disclaimer that the dominance of instrumental reason and the destruction of individuality should be explained in social terms and not be attributed to production as such, it can be argued that he did indeed associate instrumental reason with "labor" (ER 21, 50, 102). This association, implied by Pollock's notion of the primacy of the political, reverses an earlier traditional Marxist position. The optimistic version of traditional Marxism and Critical Theory's pessimistic critique share the same understanding of labor in capitalism as "labor."

The pessimistic character of Critical Theory should not, then, be understood only as a direct response to the transformations of twentieth-century industrial capitalism. It is also a function of the assumptions with which those transformations were interpreted. Pollock and Horkheimer were aware of the negative social, political, and cultural consequences of the new form of modern society. The bureaucratic and state-centric character of postliberal capitalism and the Soviet Union provided the "practical refutation," as it were,

of traditional Marxism as a theory of emancipation. Because Pollock and Horkheimer retained some basic assumptions of the traditional theory, however, they were not able to respond to that “refutation” with a more fundamental and adequate critique of capitalism. Instead, they developed a conception of an antagonistic and repressive social totality that had become essentially noncontradictory and no longer possessed an immanent dynamic. This conception called into question the emancipatory role traditionally attributed to “labor” and to the realization of the totality, but ultimately did not get beyond the horizon of the traditional Marxist critique of capitalism.

The limits of the critique of traditional Marxism undertaken by Pollock and Horkheimer have been made more evident in recent decades by a new historical transformation of capitalism, beginning in the early 1970s, that dramatically highlighted the limits of state-interventionist forms, East and West. This historical process, entailing the supersession of the “Fordist” accumulation regime of the mid twentieth century by neoliberal global capitalism, can be viewed, in turn, as a sort of “practical refutation” of the thesis of the primacy of the political. It retrospectively shows that Critical Theory’s analysis of the earlier major transformation of capitalism was too linear and did not grasp adequately the dynamic character of capital; it strongly suggests that capitalism has indeed remained two-dimensional.

An advance beyond the bounds of traditional Marxism would have required recovering the contradictory character of the Marxian categories by incorporating the historically determinate form of labor as one of their dimensions. Such a reconceptualization, which differs fundamentally from any approach that treats “labor” transhistorically, would allow for a historical critique that could avoid the problematic aspects of both traditional Marxism’s and Critical Theory’s understandings of postliberal society. More generally, it would allow for a critique of capitalism able to fulfill the task Critical Theory set for itself – critically illuminating the ongoing historical dynamic of the present in a theoretically reflexive manner. The critical pessimism so strongly expressed in *Dialectic of Enlightenment* and *Eclipse of Reason* evinces an awareness of the limitations of traditional Marxism, but one that does not lead to a fundamental reconstitution of the dialectical critique of what remains a two-dimensional form of social life.

## NOTES

I would like to thank Spencer Leonard for his assistance and critical feedback.

1. Often interpreters of Critical Theory argue that the Frankfurt School replaced political economy with philosophy and neglected historical analysis. See, for example, Perry Anderson, *Considerations on Western Marxism* (New York: New Left Books, 1976); Goran Therborn, "The Frankfurt School," in *Western Marxism: A Critical Reader*, ed. G. Steadman Jones (New York: New Left Books, 1976); Tom Bottomore, *The Frankfurt School* (London: Tavistock, 1984). But this overlooks Critical Theory's fundamental contextual character – that it wrestled with a far-reaching epochal transformation of modern, capitalist society in a way that entailed the reflexive transformation of the critical theory of that society. Such interpretations tend to translate historical issues of structural transformation into more static ones of the strength of working-class movements.
2. See, for example, Andrew Arato, "Political Sociology and Critique of Politics," in *The Essential Frankfurt School Reader*, ed. A. Arato and E. Gebhardt (New York: Continuum, 1978), pp. 3–25; Seyla Benhabib, *Critique, Norm, and Utopia: On the Foundations of Critical Social Theory* (New York: Columbia University Press, 1986); Helmut Dubiel, *Theory and Politics: Studies in the Development of Critical Theory*, trans. B. Gregg (Cambridge, Mass.: MIT Press, 1985), pp. 99–112; David Held, *Introduction to Critical Theory: Horkheimer to Habermas* (Berkeley: University of California Press, 1980), pp. 16–23, 46–65, 398–400; Martin Jay, *The Dialectical Imagination* (Boston: Little, Brown, 1973), pp. 3–30, 356, 279; Douglas Kellner, *Critical Theory, Marxism and Modernity* (Baltimore: Johns Hopkins University Press, 1989), pp. 9–12, 19–21, 43–4, 55, 65–6, 104–20; Rolf Wiggershaus, *The Frankfurt School: Its History, Theories, and Political Significance*, trans. M. Robertson (Cambridge, Mass.: MIT Press, 1994).
3. See, for example, Jay, *Dialectical Imagination*, pp. 143–72; Wiggershaus, *Frankfurt School*, pp. 280–91.
4. Andrew Arato recognizes this (although his interpretation of the stakes is different than that presented in this chapter). See "Political Sociology and Critique of Politics," pp. 10–13.
5. Horkheimer clearly expresses this view in a letter to Neumann, agreeing that, empirically, the situation in Germany is nowhere near that of state capitalism. Nevertheless, he maintains that society is moving toward that situation, which proves the value of Pollock's construct in providing a basis for discussing current historical tendencies. Letter

- from Horkheimer to Neumann, August 30, 1941, cited in Wiggershaus, *Frankfurt School*, p. 285.
6. Cf. Paul Sweezy, *The Theory of Capitalist Development* (Oxford: Oxford University Press, 1942), pp. 52–3; Maurice Dobb, *Political Economy and Capitalism* (London: Routledge & Kegan Paul, 1940), pp. 70–1; Ronald Meek, *Studies in the Labour Theory of Value* (London: Lawrence & Wishart, 1973), p. 303.
  7. For a critique of traditional Marxism based upon a reconceptualization of the categories of Marx's critique of political economy and, hence, of his conception of capitalism's most fundamental social relations, see my *Time, Labor, and Social Domination* (Cambridge: Cambridge University Press, 1993). The analysis developed there provides the standpoint of the critique of Pollock and Horkheimer outlined in this chapter.
  8. *Ibid.*, pp. 286–306.
  9. Opposing the reality of society to its ideals is frequently considered the central hallmark of an immanent critique, also within the tradition of Critical Theory. See, for example, Adorno, "On the Logic of the Social Sciences," in *PDGS*. This approach is not the same as the understanding of immanent critique presented here, which seeks to explain historically and socially both the ideals and the reality of society, rather than calling for the realization of its ideals.
  10. This point is elaborated in my *Time, Labor, and Social Domination*, pp. 87–90, 286–306. It should be noted that "structure" is not used here as it is within the framework of structuralism with its constitutive dualism of *langue* and *parole*, structure and action. Rather, "structure" here refers to historically specific congealed forms of practice, forms that are constituted by and constitutive of practice.
  11. The possibility of theoretical self-reflexivity is intrinsically related to the socially generated possibility of other forms of critical distance and opposition – on the popular level as well. That is, the notion of social contradiction also allows for a theory of the historical constitution of popular forms of opposition that point beyond the bounds of the existent order.
  12. Habermas presents a version of this position in "Technology and Science as 'Ideology,'" in *TRS*. See also Daniel Bell, *The Coming of Post-Industrial Society* (New York: Basic Books, 1976).
  13. In 1941 Pollock included the Soviet Union as a state-capitalist society (*SPSS* 9: 211 n.1).
  14. For Marx, property relations as well as the market are aspects of the mode of distribution. See *Time, Labor, and Social Domination*, p. 22.

15. One weakness of traditional Marxism is that it cannot provide the basis for an adequate critique of "actually existing socialism."
16. Marx, *Theories of Surplus Value*, trans. R. Simpson (Moscow: Progress Publishers, 1968), II, 164. When enclosed in quotation marks, the term "labor" refers to a conception, criticized by Marx, which transhistorically ontologizes labor's unique role in capitalism.
17. See Dobb, *Political Economy and Capitalism*, p. 58; Martin Nicolaus, "Introduction" to Marx, *Grundrisse* (Harmondsworth: Penguin, 1973), p. 46; Paul Walton and Andrew Gamble, *From Alienation to Surplus Value* (London: Sheed & Ward, 1972), p. 179.
18. Cf. Rudolf Hilferding, "Böhm-Bawerks Marx Kritik," in *Die Marx-Kritik der österreichischen Schule der Nationalökonomie*, ed. H. Meixner and M. Turban (Giessen: Verlag Andreas Achenbach, 1974), p. 143; Helmut Reichelt, *Zur logischen Struktur des Kapitalbegriffs bei Karl Marx* (Frankfurt am Main: Europäische Verlagsanstalt, 1970), p. 145.
19. It should be noted as an aside that, whereas labor in capitalism is the object of Marx's critique of political economy, traditional Marxism affirms it as the standpoint of the critique. To the degree that this reversal is considered historically, it cannot, of course, only be explained exegetically, that is, that Marx's writings were not properly interpreted in the Marxist tradition. By the same token, a historical explanation would also have to outline the conditions of possibility of the reading outlined in this chapter.
20. This antinomial opposition of historical necessity and freedom, rooted in the state capitalism thesis, paralleled that expressed by Walter Benjamin in "Theses on the Philosophy of History" (I 253–64).
21. This weakness of later Critical Theory is characteristic of poststructuralist thought as well.