

## 2 The “Magic Triangle” of State, Capitalism, and Democracy

### The Modern State and Its Contradictory Logics

Contemporary social sciences tend to abstain from “thinking big”; the times of “grand theory” and analyzing “large processes” are said to be over. Only a few decades ago, things were pretty different. Back in the 1970s and into the 80s, there were fewer reservations in the social sciences when it came to studying the “big structures” (Tilly 1984) of contemporary society. Back then, capitalism, democracy, and the state—in their historically specific guises as *organized* capitalism, *party* democracy, and the *interventionist* state—were said to constitute the basic institutions of (late-) modern society, and theorizing about these macro structures was perfectly reputable. It is in this “big structures” tradition that Claus Offe’s critical theory of the capitalist state has to be seen. In his work, the state is a cornerstone of a “magic triangle” with capitalism and democracy.

There possibly is no better evidence of an earlier generation of social scientists’ disposition to “think big” than Robert Alford and Roger Friedland’s seminal book *Powers of Theory* (1985). Alford and Friedland provide an impressive account of the distinctive logics inherent in capitalism, democracy, and the state, emphasizing the functional and strategic interrelations among these three institutional arrangements and pointing to the structural contradictions arising from their dynamic interplay. As a central point of reference for their analysis, they draw on “an important class theorist” (Alford and Friedland 1985:434) whose early work on “late capitalism” had been translated into English shortly before the publication of their book—Claus Offe (cf. Offe 1984a).

One might say that in some regards Alford and Friedland wrote the systematizing book Claus Offe always refused to write. Based on Offe they suggest that the dynamics and contradictions of modern state interventionism should be seen in terms of a triple process of “*rationalization* (the bureaucratic aspect), *participation* (the democratic aspect), and *commodification* or accumulation (the capitalist aspect)” (Alford and Friedland 1985:436, emphasis in the original). The “late capitalist” state for

Offe—as for Alford and Friedland—is “torn between the need to respond to politically organized demands, profitability as a premise of policy, and its own survival as an operating set of organizations” (436). Though Claus Offe did not use the terms systematically or even consistently in his early work, “accumulation” and “legitimation” are the central conceptual pillars sustaining the theoretical architecture of his state theory. In more or less obvious ways, Offe rests both concepts (to paraphrase Robert Merton’s famous formulation) on the shoulders of two of the giants in the social sciences: Karl Marx and Max Weber.

The “accumulation” function of the modern state, which is inherent to its quality of being a *capitalist* state, is conceptualized by Offe in line with the classical historical-materialist analyses provided by Marx (and, to be fair, Engels). According to the Marxian narrative, the logic of capitalist development rests on capital reproducing itself—realizing the surplus value of the labor power exploited by it—on an ever-widening scale. The famous “money—commodity—money” (or M-C-M) formula, the circuit of existing capital transformed into commodities to be traded on the market only to be transformed back into (increased) capital, is the most simple representation of the idea of the capitalist economy as a permanent and in principle endless process of capital accumulation. The modern state as a capitalist state, then, is tied to the functional requirements of this accumulation process. The state is constantly being pushed to intervene in order to secure economic prosperity, smooth out any economic slowdowns, and remove potential roadblocks to continued growth.

The modern state’s “legitimation” function, in contrast, is directly related to its *democratic* character. In this regard, Offe basically follows a Weberian approach to state theory, emphasizing the dependence of state administrators on the public’s willingness to accept political decisions and have faith in the legitimacy of the institutions producing and processing these decisions. In the case of public policies and state interventionism in “late capitalism,” this categorical democratic demand for legitimate political decision making is exacerbated by a tendency toward an increasingly “politicized” economy. Drawing on Habermas (1975) and his idea that modern state interventionism is logically (as well as historically) opposed to the “privatist” ideology of market liberalism, Offe argues that as the logic of capitalism tends to require ever more political decisions with regard to the economic sphere, it in turn induces a growing need to justify these decisions vis-à-vis those affected by and meant to accept them.

Accumulation needs and legitimation demands thus go hand in hand: the capitalist economy calls for state intervention, which calls for democratic backing. We can see Offe’s “cheerful eclecticism” at work here. Elements of Marxian economic and Weberian political thinking are linked up via conceptions borrowed from Parsons’ structural functionalism and Luhmann’s (early) systems theory. The modern state and its specific mode of bureaucratic interventionism (an understanding in line

with Weber's notion of *Anstaltsstaat*) is introduced as the missing link between the capitalist logic of accumulation and the democratic logic of legitimation, which are conceived of as two conflicting (sub)systemic logics cross-cutting in the sphere of the political-administrative system. It is here, in the institutions, programs, and procedures of state bureaucracies, that the two conflicting logics have to be processed and balanced out: "the state is, by design, continually snared between the multiple contradictions of [democratic] capitalism" (Jones and Ward 2002:479). In contrast to Parsonian-style modernization theory, the different systemic logics of capitalism, democracy, and the state do not harmoniously converge in a comprehensive process of societal progress but are at the heart of a permanent crisis of state interventionism. According to the theory of "late capitalism," there is an inbuilt tendency towards crisis displacement from the economic to the political realm: The state inescapably runs into "second order crises" (or "crises of crisis management," Offe 1984b), crises of the rationality and legitimacy of a public interventionism aimed at mitigating the inevitable crises of the capitalist economy.

### **Accumulation and Legitimation as Concepts in Offe's Work**

The idea of two inherently contradictory functions of the capitalist state appeared early on in Offe's work. His 1969 article "Political Authority and Class Structures" (Offe 1972d [1969]) is framed more in terms of a theory of power and authority than as a state theory proper. In fact, under the influence of Luhmann's systems theory, he talks more about the "political system" or "political-administrative system" than about "the state." Yet what in his later work would become the two central functions of the state are already present as the "three sets of problems, which have taken on something of the status of questions of survival for the system as a whole" (Offe 1972d:97). Besides the "complex of foreign policy, foreign trade, and military policy," these are the complexes of "economic stability" and of "ensuring mass loyalty" (97–99) which would later be developed into the accumulation and legitimation functions of the state.

The responsibility of "the political-administrative system" or "the state apparatus" for economic stability is explained by the economy's importance for society making "its active regulation" functionally necessary (Offe 1972d:98). Mechanisms that would systematically link state policy-making to capitalism are not mentioned at this point, however. Similarly, "ensuring mass loyalty" is a precursor to the legitimation function of the state he developed later. In this article, mass loyalty is understood simply as "the functionally required level of apathetic conformity," to be explicitly distinguished from the Weberian notion of legitimacy in that what is required from the population is not a belief in the legitimacy of authority but rather "the waiving of any legitimation demands" (Offe 2006c:44,

our translation<sup>1</sup>). Again there is no argument why this would be the case, nor does Offe understand legitimation in the same, much more elaborate way as in most of his later writings.<sup>2</sup> Thus, we find some components of the later theory in the early writings, but they are not really explained or linked except by a rather crude functionalism.

What is present even in the 1969 article is the notion that any attempt to politically solve a problem that has arisen will create new problems elsewhere. This idea of a precarious crisis management (later refined in Offe 1984b), however, coexists uneasily with the overall functionalist approach, in which the degree of state regulation hovers around the “necessary” minimum (Offe 2006b:44–45). The boundedness of state rationality (see Chapter 3) had not yet entered Offe’s thinking. Similarly, there is a reference to the necessary autonomy of the state but without any explanation of what this autonomy could be based on and where its limits are.

In Offe’s 1972 book *Structural Problems of the Capitalist State* (Offe 2006a), the state has moved to center stage. Offe now develops his conception of a state that has to maintain *both* the profitability of capital *and* a minimum of political support in a necessarily contradictory and crisis-ridden process. While he freely uses the terms “legitimation” and “legitimation function,” the “accumulation function of the state” and the mechanisms that serve to maintain it are discussed in great detail but without using the term itself. Offe (1987a:335–337) develops a typology of three “compensatory mechanisms” that serve to attenuate the inevitable crisis tendencies of capitalist systems: the organization of markets, the institutionalization of technological advancement, and state regulation of the capitalist system as a whole. Only the third mechanism—which really is more than a mechanism—is explicitly linked to state intervention, even though the other two would seem to require some form of state activity (the establishing of a reliable legal framework and state subsidies for scientific research and development, respectively) as well.

Two other articles originally published in the volume then deal with core elements of the accumulation function of the state (without naming it as such). In “Class Rule and the Political System,” Offe seeks to establish that the state, while not a capitalist itself, must yet be understood “as a capitalist state and not merely as a state within a capitalist society” (Offe 2006e:95). Refuting both “influence theories” and “constraint theories” that see the state as being under external control, Offe relates the “class character of the state” to the injection of capitalist imperatives into the internal structure of the state (97–102). The “structural selectivity of the state” has to guarantee that (a) a common class interest is being filtered from the diverging particularistic interests of individual capitalists and (b) anti-capitalist interests are systematically barred from entering the arena of political decision making (103–104). The accumulation function of the state, thus defined, is one which protects capital from its enemies as much and as well as from itself.

This highly functionalist conception is countered by the insistence that any state intervention will necessarily create new problems at the very moment that it seeks to overcome old ones. This circular dynamic is triggered by the politicization of economic and social developments. It is “the dislocation of the dynamics of development from the sphere of [economic] exchange to the sphere of [political] decision” that profoundly transforms the role of the state (Offe 2006d:82). In the very moment in which guaranteeing capital accumulation becomes a task of the state, capital accumulation “loses its naturalness as decisions, contrary to market events, require justification and legitimation” (82). Fulfilling its economic accumulation function then has legitimation costs to the state, as it is much harder to gain the ‘required’ level of political support for decisions taken.

Similarly *and* conversely, legitimation systematically produces accumulation costs. While this central point underlying the argument is not really made explicit in his 1972 book chapter on the “Problem of Legitimacy” (Offe 2006d), it becomes clear from the way Offe structures this article, which is based on a theory-of-labor argument. The state increases the amount of decommodified labor by way of a growing public sector and increased spending for social policy (transfers, social services) in order to address both the accumulation and the legitimation needs it literally ‘feels’ as political imperatives (see Chapter 3). Yet while this may work in the short run, it further reduces traditional legitimation resources based on the logic of the market and invites further demands on the welfare state in the future, thereby reducing the chances for a policy that effectively enables capital accumulation (Offe 2006d:91–92). It is no wonder that Offe cites Daniel Bell’s “Cultural Contradictions of Capitalism” (Bell 1972, 1976) at this point, as the supposed dynamic of societal development is highly similar: The progress of capitalism feeds on its very foundations, thus producing inescapable phenomena of crisis.<sup>3</sup>

Some of Offe’s mid-70s publications (Offe 1975b, 1975c; Offe and Ronge 1984 [1976]) more fully develop his critical theory of the state, centered as they are on the concepts of accumulation and legitimation as the guiding principles of state decision making. Here accumulation and legitimation are conceptualized not as external influences upon the state but as the contradictory core components of the internal rationality of the state itself.

In the “Theses on the Theory of the State” co-authored with Volker Ronge (Offe and Ronge 1984), Offe positions himself clearly on the structuralist side of an instrumentalist/structuralist divide within neo-Marxist theories of the state. He also names “four functional conditions” for the “concept of the capitalist state” as “an institutional form of political power,” namely “private production,” “taxation constraints,” “accumulation,” and “democratic legitimation” (120–121). The private organization of production and the political constraints imposed by the

dependence upon income derived from taxation structure the accumulation function of the state. This function is neither a result of an alliance between particular class interests and forces in government nor a “result from the privileged access of the members of the capitalist class to centres of state decision-making” (120). Rather it is the “institutional self-interest of the state” (120) that binds the state to a furthering of capital accumulation. Thus, here Offe introduces a causal mechanism that serves to render the functional tie of the state to capitalism much more plausible. This notion of “the interest of the state in itself” is then further developed in Offe 1975b (see Chapter 3 for a more thorough analysis).

In the theoretical part of his study on “Vocational Training Reform” (1975b), Offe turns his ideas into four criteria for the capitalist state (Offe 2006f:137–138; for a similar formulation, see Offe 1975c:126–127 and—in aphoristic brevity: 144):

- a) The capitalist state is *excluded* from production and capital accumulation.
- b) The capitalist state is—as a ‘tax state’—*dependent* upon production and accumulation.
- c) The capitalist state is—via its interest in itself—*responsible* for maintaining conditions that are favorable for production and accumulation.
- d) The capitalist state has to *uphold an image of neutrality* and thus has to deny (a), (b), and (c) in order to maintain a necessary level of legitimacy.

Thus, here we finally find the fully developed model of a capitalist state defined by its accumulation *and* legitimation functions which link state policymaking to capitalism and democracy, respectively, by way of traceable mechanisms. These mechanisms are a far cry from the miraculous salvation of capitalism by a state that somehow knows exactly what capitalism needs and is more than willing to provide just that. At the same time, these very mechanisms are inherently contradictory, thus providing the fuel for a crisis-ridden historical dynamic whose direction is far from clear and has to be analyzed empirically. Surprisingly enough, after 1976 there is no publication by Claus Offe that explicitly refers to the analytical model he had just developed—it remained important for his thinking but was relegated to the status of an implicit assumption rather than that of an explicit framework. The cheerful eclectic already had moved on.

### **‘Torn between Two Lovers’: The State’s Double Bind to Capitalism and Democracy**

Yet what Offe left behind may still be considered one of the most fruitful attempts to conceptualize the relationships among the state, capitalism,

and democracy. Thus, we should pause a moment to take a closer look at the argumentative figure underlying what Offe himself called his “crisis theory of late capitalism” (1984a). In this understanding, the state is simultaneously and inextricably bound to *both* capitalism and democracy. There are highly effective mechanisms at work which induce the state to fulfill the accumulation and legitimation functions and to maintain an ever-more-precarious balance between them.

In this way the ‘crisis theory of late capitalism’ may be understood as a theory of the state’s “double bind”<sup>4</sup> (cf. Lessenich 2009:148–149): As a democratic-capitalist welfare state, the state is thrown into an ambivalent, inescapable situation in which it necessarily is exposed to competing and even contradictory logics of action. It can afford to ignore neither the needs of capitalism nor the demands of social groups within the democratic process. Realizing the inherent inconsistency of its policies, it cannot resolve the contradictions in favor of one side or the other, as this could mean a loss of tangible resources in the form of tax income or political support or even both. The state is permanently “torn” between capitalism and democracy, between its accumulation and its legitimation function (Alford and Friedland 1985:435). Moreover, it has no real choice but to simply endure the resulting tensions while it resorts to managing the latest crisis—whose resolution most likely and in many cases inevitably will bring about the next one(s). The dual dilemma consists of state interventions that are at once necessary *and* dangerous for system maintenance, that is, for capitalist development, for democratic stability, *and*, last but not least, for the organizational coherence of the state itself.

The state’s double bind thus marks Offe’s specific understanding of the inherent contradictions of modern capitalism and of the capitalist state. It is quite appropriate that the most important collection of his articles in English should be entitled *Contradictions of the Welfare State* (1984a). In this context, Claus Offe developed the “politicization thesis” claiming that in “late capitalism” the manifestation of crises would move from the capitalist economy into the political system. This thesis was also put forward, in the late 1960s and early 70s, by other proponents of neo-Marxist crisis theory like Nicos Poulantzas, Göran Therborn, and Erik Olin Wright. They all converged in the claim that as the locus of social class conflict was gradually shifting from the economic field into the political arena, the capitalist state would become the “material condensation” (Poulantzas 2000:129) of a historically specific relationship of social forces (cf. Gallas et al. 2011).

Offe instead argued not for a mere translocation of the class struggle from the economic into the political sphere, but rather for a fundamental *transformation* of the structure of the basic capitalist contradiction itself: For Offe, the main and defining antagonism in late capitalist society is no longer the social opposition of capital and labor, but the systemic opposition of accumulation and legitimation, capitalism and democracy.

For him the central contradiction is not the “sociological” one between social classes—the owners of the means of production and the dispossessed workers—but rather the “logical” one between the accumulation and legitimation functions of the capitalist state (cf. Offe 1987a:329). It is to these two functions, their conceptualization and the relationship between them, that we now turn in more detail.

### **The Accumulation Function of the State**

Offe’s analytical reconstruction of what is capitalist about the “capitalist state” starts from Karl Marx’s analysis of modern capitalism and his “ultimate question: What are the *laws of motion* of capital, and how do they shape the social structure?” (Offe 1987a:325). From a Marxian perspective, capital has a built-in need for expansion. Capital’s structural pressure for a continuous production of surplus value, for the realization of this value on markets, and for the reinvestment of market returns in the production sphere constitutes an irresistible force that leaves its mark not only on the economic realm, but on modern society as a whole. It is the capitalist economy’s growth imperative, its insatiable hunger for capital accumulation that marks modern social life. Under capitalist conditions, the economic institutions of society become “the organizing center of all social relations, . . . all elements of the social structure are either determined or limited by exchange relations. Capital subordinates all social realms to its own motion and, thereby, to its profit-directed selfvalorization” (327).

Claus Offe took up this Marxian analysis of the process of accumulation, focusing on the principle of competition underlying this process: ‘Capital’ is split up into a multitude of individual accumulation units which compete against each other for the (absolute and relative) profitability of their investments. This logic of competition is essential for the movement of capital as such—and it brings an element of anarchy into economic development that is constitutive for capitalist economies and which lies at the heart of neo-Marxist theorizing on the capitalist state and its functional role. The competition principle leads to the enforcement and dominance of a self-referential logic of individual market actors striving for nothing else than for the realization of value, for the return on investment (or rather for an *increasing* return on their investment in every period following the previous period of value realization).

This structural dynamic leaves the capitalist accumulation process and individual capital’s logic of action fundamentally “disembedded” from any non-economic considerations (cf. Cangiani 2011). They are systematically blind not only to the social externalities produced by the process of capital accumulation—externalities that, like the reproduction problems of commodified labor, may eventually endanger the continuation of the accumulation process itself—but also to the problems that their



particular market strategies for achieving and securing the profitability of their *own* investments may create for *other* capitalists having the very same interests. The profitability of capital ‘writ large’—and thus the reproduction of capitalism as a collective endeavor and a systemic entity—is not part of the economic rationality of any individual capitalist.

A basic tenet of Offe’s state theory is that the deficiencies of capitalist rationality—“the absence of conscious organization” (Offe 1987a:328) of the capitalist accumulation process, its (dubious) quality as “an ‘anarchic’ and blindly spontaneous process” (327)—call for an external instance addressing these deficiencies and effectively dealing with them. From the Marxian standpoint, the logic of capital accumulation produces systemic consequences which affect the viability of capital accumulation itself, “and about which little can be done within the framework of private accumulation” (330)—because every single capital unit is acting individually, devoid of a collective conscience of the importance of reproducing the conditions of capitalist production.

The “inherent self-contradictoriness” (Offe 1987a:335) of capitalism or, what is more, its “self-negating tendency” (332) as a system of anarchic and agonistic competition becomes the central reference point for Offe’s functional analysis of the modern state: The irrationality of capitalist accumulation is at the root of the systemic rationality of the “capitalist state.” Like other neo-Marxist approaches of the time, Offe draws on Friedrich Engels’ conception of the state as an “ideal collective capitalist” (*ideeller Gesamtkapitalist*), as an “essentially capitalist machine” developed by bourgeois society “in order to keep up the general external conditions of the capitalist mode of production” (Engels 1972 [1882]:222; cf. Hay 1999). In this perspective, the “capitalist state” enters the scene in the face of the asymmetry, built into capitalist society, “between the unlimited *consequences* of the process of valorization of capital and the limitedness of the institutionalized *means* through which these consequences can be perceived, regulated, processed, or overcome” (Offe 1987a:331). The historical rise of an interventionist state is logically tied to the pathologies of a capitalist economy “which cannot be absorbed without a fundamental change of the capitalist core institutions” (332).

The crucial question, however, is why it is that the state emerges as a “collective capitalist” trying to compensate for the irrationalities of market competition and the dysfunctions of capitalist accumulation. Obviously, it would be a functionalist fallacy to assume that the interventionist state came into being just because capitalism was badly in need of it. In his fervid intellectual dispute with the school of “derivationists” oddly popular in German academic Marxism at that time (see Chapter 1), Offe insistently pointed to the fact that the functions—and the specific modes of functioning—of the capitalist state cannot simply and mechanically be deduced from the ‘objective’ laws and necessities of capital accumulation (cf. Offe 1975a). The derivationists held that the task of Marxist

analysis was “not to develop ‘political concepts’ to complement the set of ‘economic concepts’” (Holloway and Picciotto 1978:4) underlying Marx’s work but to infer the character of capitalist politics immediately from the economic structures of capitalism itself. Offe’s central claim, by contrast, was that neo-Marxism had to develop new analytical tools to fully understand the specifically *political* economy of “late capitalism” (cf. Carnoy 1984:128–152).

Offe’s critique referred as well to another set of “false, or at least inadequate, interpretations” (Offe 1974:31) of the capitalist character of modern state agency which he termed the “influence theories” of the capitalist state. According to this interpretation, put forward most prominently by Ralph Miliband (1969, 1970), the state has to be seen as an instrument in the hand of capital as the economically ruling class, the different (legislative, executive, judicial, repressive) sections of the state apparatus constituting “institutional ‘vehicles’ of the process of exploitation” (Offe 1974:32). Against this position, Offe again emphasizes the anarchy of capitalist competition: It is precisely the “fact of individual capital’s structural narrow-mindedness” (34), emerging from the competitive relationship capitalist business units are forced into, which effectively works “against the creation of any uniformity of ‘the’ exploitation interest of ‘collective capital’” (55). Thus, it is utterly inappropriate to take “a coherent and consistent class consciousness of the ruling class” (34) as the theoretical starting point for a reconstruction of the capitalist character of the modern state and its political interventions into the capitalist economy (also see Skocpol 1980).

In contrast to both derivationist and “instrumentalist” positions, it is the central tenet of Offe’s neo-Marxist approach that any reasonable analysis of contemporary capitalism and its dynamics has to start by taking the state seriously as an institutional formation in its own right and with its own distinct organizational logic. Preceding later theoretical and conceptual initiatives to “bring the state back in” (Evans et al. 1985) to the social sciences and to analytically “put the capitalist state in its place” (Jessop 1990), Offe’s theory strove for an appropriate understanding of the state’s indispensable role for the stable-but-crisis-ridden (or rather crisis-ridden-but-stable) reproduction of capitalist economies. It is the institutional self-interest of the state, and not its seizure by the economically ruling classes or its surrender to the supposed ‘laws’ of capitalist development, that impels the state to a permanent and ever more intense public interventionism. And it is only because of its “relative autonomy” with regard to capitalist interests and requirements—a concept developed by Nicos Poulantzas (1969) in his intellectual controversy with Miliband and adopted by Offe—that the modern state is empowered to do the sort of political regulation in which it is continuously engaged.

Offe follows Poulantzas’ conception, based on the analysis of Bonapartism as a form of non-economic but pro-capitalist class rule in Marx’s

*18th Brumaire* (Marx 1972 [1852]), that the bourgeois state “can only truly serve the ruling class in so far as it is relatively autonomous from the diverse fractions of this class, precisely in order to be able to organize the hegemony of the whole of this class” (Poulantzas 1969:74). According to Offe, the common interests of the capitalist class (or rather of the different factions of this class) “are most accurately expressed in those legislative and administrative strategies of the State apparatus which are *not* initiated by articulated interests, that is ‘from outside,’ but which arise from the State organizations’ own routines and formal structures” (Offe 1974:35), i.e., from *within* the state apparatus itself.

As the modern bureaucratic state, in its historical form as a ‘tax state,’ basically lives off the revenue it authoritatively confiscates from the value creation happening in the economic sphere, state bureaucracies have an intrinsic (and, as it were, existential) interest in stabilizing the process of capitalist wealth production. State intervention has to be geared, in the state’s own fiscal interest, towards securing the conditions of ongoing capital accumulation and surplus production. This is why public institutions incessantly and invariably are preoccupied with determining and implementing “a capitalist class interest or capitalist ‘systemic interest’ which the confined rationality of each individual-capitalist interest would in any case be bound to fall short of” (Offe 1974:54).

Thus, in order to explain the sustained success of the ‘capitalist logic’ in permeating the social life and shaping the social structures of modern society, the analysis has to refer to what Alford and Friedland call the “bureaucratic logic” of state interventionism: “one must ask which *internal structures* within the political system guarantee the implementability of initiatives and interests arising from the process of accumulation” (Offe 1974:35–36). At the core of the bureaucratic logic of the capitalist state lies a selective rationality, a “class-specific selectivity corresponding to the interests of the accumulation of capital” (36). Building on Bachrach and Baratz’s (1963) conception of political decisions and non-decisions, Offe characterizes capitalist state interventionism as a systematic “sorting process” (Offe 1974:36) through which a “structural complementarity” (36) of public policies with capitalist interests is constituted. On the one hand, “the State apparatus must display a selectivity aimed at distilling a ‘class-interest’ out of narrow, short-term, conflicting, incompletely formulated interests of pluralistic influence-politics—i.e. at selecting and considering only those which coincide with the ‘collective interest of capital’” (37). On the other hand, political institutions need “a complementary selectiveness which consists in protecting collective capital against anti-capitalist interests and conflicts” (38), i.e., a set of “institutionalized *exclusion rules*” (36) which effectively give capitalist interests a privileged chance of being implemented.

But how is it that the bureaucratic state is in the position to establish a system of selective political interventions for the sake (if not in the

name) of capital and its collective interest? How do state actors generate the power resources necessary for effectively playing their role as a collective capitalist? This is where democracy, i.e., the property of the modern capitalist state being a *democratic* state, comes into the picture. The relative autonomy of the state vis-à-vis the capitalist economy, its “‘semi-distance’ from the manifest interests of empirical capital-units” (Offe 1974:37), rests upon the relative commitment that state actors simultaneously have to popular, non-capitalist interests expressing themselves through the channels of democratic participation in the political decision-making process.

On a closer look, this argument has two aspects. In trying to secure the systemic conditions of capital accumulation as such, the state time and again has to ignore and violate the short-sighted and egoistic interests of individual capitalists—and it manages to do so only by publicly referring to its democratic mandate to set political limits to the otherwise unrestrained power of business. This may be seen as the ‘productive’ dimension of the capitalist state as a democratic state: It is the power of popular backing that enables the political-administrative system to play its pro-capitalist role in the first place.

But the preferential treatment of capitalist interests (just as the complementary political exclusion of anti-capitalist demands) has to be effectively disguised by public institutions. This is what Offe addresses as “the ‘denying’ functions” (Offe 1974:49) of the state: an ideological or ‘projective’ dimension to democratic state interventionism which partly supports and partly counteracts its ‘productive’ interventions. Only by giving way, at least to some extent and with a modicum of public credibility, to democratic demands for restraining capital can the capitalist state actually comply with its function as a pro-capitalist political entrepreneur—and at the same time conceal its complicity with capitalist interests. “Only by keeping up the appearance of class-neutrality can political governance be exercised as class rule” (47).

So, the modern state is (a) inextricably linked to the capitalist accumulation process—and thus is a *capitalist* state—because it basically depends on the stable reproduction of that very process; the capitalist state is (b) in a position to foster the accumulation process because (and insofar as) it has the political capacity to authoritatively disregard particularistic interests for the sake of capital at large; and the capitalist state is (c) empowered to uphold this selectively pro-capitalist stance because (and insofar as) it is anchored in a system of democratic decision making and thus gives way, at least rudimentarily and apparently, to popular demands for restricting the power of capital and capitalists.

One might get the impression that the capitalist state is a remarkably reliable, farsighted, and discreet agent of Her Majesty, the capitalist economy. However, a crucial point in Offe’s theory of the late-capitalist state is that there is one major hitch to the state’s capital-friendly agency:

the bounded rationality of its interventions (see Chapter 3). It is not just that individual capitalists fail to take into account the interests of capital at large. The state apparatus itself is restricted in its administrative capacities, most notably in its cognitive capacity to elucidate what ‘the’ capitalist interest is about. Public bureaucracies are not, as we all know, omniscient, almighty, or hyper-rational. Pushed, among other motivations, by their self-interest in securing the fiscal basis of the state apparatus, they are engaged in a permanent trial-and-error process aimed at finding the best possible conditions for capital accumulation. Certainly there is no guarantee at all that capitalist state intervention will serve its purpose—to err is not only human, but invariably part of modern state agency.

Bounded rationality, however, is not the state’s only problem. It is not only that public intervention into the economy may have unintended consequences nobody could have thought of in advance. In addition, the capitalist state’s interventionism for the sake of capital accumulation unavoidably has the ‘perverse’ effect of depriving capital of some part of its potential profit rate. The capitalist state uses part of the surplus value created in the economy for purposes of decommodification: In its guise as a welfare state, it organizes public provision for those segments of the labor force not being absorbed by the market and for those social needs which do not lend themselves to capitalist profit-making. But decommodification, macroeconomically functional as it may be, is a costly business. Because of the tax burden following from it, in the eyes of individual capitalists it represents nothing more than a political limitation of their profit margin. In the end, then, a state intervention meant to be in the interest of capital turns out to meet with the opposition of capitalists themselves—a contradiction the capitalist state cannot escape from and that lies at the heart of the recurrent crises of late capitalism.

### **The Legitimation Function of the State**

Legitimation is the corresponding concept to accumulation in Claus Offe’s critical theory of the capitalist state. As we shall see, it is what might be called the Weberian counterpart to the Marxian concept of accumulation. It entails a logic that is clearly at odds with the logic of accumulation, with the two together building a field of tension in which the modern state and its political personnel have to maneuver. ‘Legitimation’ thus is an absolutely central concept in Offe’s writings on the state. Yet, as in other cases, there is no single text that contains a concise definition. Rather, we find a number of texts dealing with the concept, each emphasizing different aspects. Also, there are notable shifts in the understanding of the concept over time.

Instead of focusing on the genetic aspects of Offe’s thought, however, we will highlight his overall understanding of the term. There are four

key aspects of legitimation in Offe. One central feature is the thoroughly empirical understanding of legitimation combined with a focus on the procedural character of legitimation as something that is both granted by the governed and struggled for by rulers (a). As with the accumulation function of the capitalist state there is, secondly, a historical argument on the growing importance of legitimation (b). A third part of the analysis focuses on the (limited) legitimation resources of the state (c). The fourth property of legitimation is—again parallel to state efforts at promoting capital accumulation—its limited rationality which produces new crises in the very moment it attempts to solve the old ones (d).

a) *Legitimation as an empirical and procedural concept*: Offe's understanding of legitimation is deeply rooted in Max Weber's approach. This has two consequences: On the one hand, Offe rejects thinking of legitimacy as *normative* "justifiability of its institutional arrangements and political outcomes" and instead favors an *empirical* conception of legitimation as "the prevalence of attitudes of trust in the given political system" (Offe 1984f:268). Legitimation is thus understood as being granted by citizens, just as in Weber. There is no room for philosophical criteria of legitimacy defined and applied externally by theorists.<sup>5</sup> A regime or a policy is legitimate if, and as long as, the citizens say (or at least think) it is. In a way, this conceptualization of legitimation contains a basic approach of 'taking democracy seriously.'<sup>6</sup>

On the other hand, Offe's is an approach that aims at a procedural understanding that was implicit but not fully developed in Weber: Favoring the notion of 'legitimation' over that of 'legitimacy,' Offe clearly understands legitimation not as a state of affairs that can be either reached or missed, but rather as a continuous interactive process. Legitimation is not one-sidedly bestowed by citizens on political institutions and political actors, it is also actively sought by the latter. Moreover, political actors are forced by the logic of electoral democracy to justify their actions and to struggle for legitimation. It is this side of the equation that Offe focuses on. Thus, there is a contested realm of a "politics of legitimation" (cf. Barker 2001) which is characterized by deliberate attempts to gain political support. Consequently, the vulnerability of state institutions to legitimation demands may result from changes on either of two sides: There may be "tightened criteria of legitimation on the side of citizens" or an "increased legitimation sensitivity of state institutions and power holders" (Offe 1976:80–81).

b) *The increasing importance of legitimation*: The legitimation dilemma of the capitalist state is linked to a historical displacement of the cyclical crises characteristic of capitalism from the sphere of economics to that of politics. As Habermas and Offe have emphasized time and again (see Offe's reflections in Offe 1984f:269–270), state interventionism has profoundly changed the logic of problem attribution within market societies: If it is no longer the market itself, with its 'invisible hand' that coordinates

development, but politics, with a process of deliberate and thus highly visible decision making, the results become contingent and thus open to public debate. This in turn produces the need to justify the decisions taken. Overall, then, state interventionism inevitably leads to a ‘politicization’ of matters hitherto considered to be purely economic. The result is a tremendously increased demand for efforts at political legitimation. Insofar as the state assumes responsibility for economic affairs, market failure becomes state failure, and economic crisis turns into political crisis. Public criticism is directed not against economic actors or capitalism per se, but rather against political actors and the state.

Under conditions of political democracy, legitimation needs become both decentralized and multiplied, as each political institution and each officeholder feels the need to justify his/her actions (Offe 1976). It is here that the legitimation needs of the state also produce a great number of contradictions in state policymaking, since there is no coordinating agency for the self-legitimizing efforts of institutions and actors which consequently tend to rely on vastly different claims and contents for justifying their actions.

c) *Limited resources for legitimation*: What resources can the state—or rather, state institutions—rely on in order to promote legitimation? Here Offe’s answer is somewhat contradictory over time. In *Structural Problems of the Capitalist State*, legitimation is enhanced primarily by introducing non-exchange value components into the system (Offe 2006d). That is, both infrastructural measures and welfare state policies that are seen as necessary for providing a reliable frame for capital accumulation also generate political support, thus ensuring a (brief) moment of peaceful coexistence between the contradictory functions of the capitalist state. This conceptualization obviously owes a great deal to James O’Connor (1973),<sup>7</sup> who systematically distinguished different categories of state spending connected to the accumulation (“social capital”) and legitimation functions (“social expenses”) of the state, respectively.

In a later article devoted exclusively to the problem of legitimation, Offe (1976) reversed his position. Now the state has only formal references to due process at its disposal in order to make legitimation claims. The rules and procedures of representative democracy themselves provide a certain pacifying device. Public policies, by contrast, are inept at legitimation, as they cannot be justified by recourse to any underlying normative principles (Offe 1976:88).<sup>8</sup> State policymaking is characterized by the “simultaneous pursuit of unreconciled strategies of action” (93). The state is at the same time both “omnicompetent and weak” (94)—too weak to fulfill the very responsibilities it has assumed as an interventionist welfare state.

In the late 1970s and early 80s, Offe came back to the earlier position and further refined it. Now the mediating mechanisms of competitive party democracy and of the Keynesian welfare state provide the resources

for both formal and material legitimation (Offe 1984e). While Offe tends to severely underestimate the legitimatory power of participation opportunities in representative democracy, he clearly sees competitive party democracy's "incomparable achievements at absorbing conflicts" within society and thereby its contribution to formal political legitimation (Offe 1976:81). Social conflicts are first politicized and then institutionalized within the confines of party democracy. Here discontent can to some degree be absorbed by competing parties. Yet it is precisely this competition among parties that leads to an effective curtailing of internal democracy within each party, much as Robert Michels (1911) had foreseen. It is when both party competition and democratic procedures within parties are visibly reduced to "an offer of ineffective political participation" (Greven 1977:164) that party democracy ceases to produce much political legitimation. Arguably, Western democracies have reached that state in the 1990s.

Thus, the material benefits offered by the Keynesian welfare state become the central resource for a politics of legitimation (cf. Offe 1984e:193–196).<sup>9</sup> In advanced capitalist democracies after World War II, class conflict was first institutionalized and then transformed by way of a distributive mode of policymaking. Clashes between labor and capital in the struggle for redistribution were replaced by claims made on the state by different groups. Unions became accepted participants in this game, and as long as the post–World War II economic upsurge lasted, basically every social group could realistically hope to gain state benefits by only making an acceptable argument that they deserved them. Moreover, yesterday's political claims became today's legal entitlements, making social benefits rather independent from the political contingencies of the day and thus quite reliable.

d) *Contradictions and limited rationality*: While the welfare state for Offe is the most important mechanism to legitimate the state and political institutions, it also entails the very structural contradictions that will ultimately endanger political legitimation and indeed lead to a legitimation crisis. This argument is structurally very similar to the one made for the crisis tendencies of the accumulation function of the state and thus is something of a complementary point. This argument has two components:

On the one hand, the enlargement of the welfare state introduces more and more 'alien,' that is, non-capitalist, components into the economy (Offe 1984d, 2006d). These non-capitalist components take the form of public infrastructure, a large public sector of employment, non-wage bases of income—elements Offe subsumes under the notion of "decommodification" (see Chapter 3). Decommodification contributes to the legitimation of the state and of individual political institutions, yet at the same time it introduces a new, competing logic of action into the state and thereby makes future legitimation much harder. In



principle, there are no logical political limits to extending the decommodified realm, yet economically such a policy would prove disastrous (Offe 1984c:65–87). Even the reference to the limited capacities of the tax state does not really help to place limits on welfare state growth: If resources are limited, that answers the questions neither of how to distribute them nor where to cut them off, and thus inevitably distribution conflicts arise that may prove hard to tame within the system (Offe 1984e:198).

On the other hand, the capitalist state encounters the same problem of rationality and of coordination in its politics of legitimation it has with regard to the politics of accumulation. As the “interest of the state in itself” (Offe 2006f) in practice is an interest of each political institution in its own continued existence and autonomous jurisdiction, the overall outcome tends to be visibly contradictory and irrational. Not surprisingly, such an outcome does not contribute to political legitimation. This problem is aggravated in times of economic crisis when the demands upon the welfare state rise dramatically at the same time that resources stall (on this aspect, cf. the publications dealing with the crisis of the welfare state, in particular Offe 1987d, 1990, 1991b, 1994). The lack of a coordinating center in charge of political legitimation then exposes the helplessness of the state without releasing it from its political responsibility.

Taken together, these two problems may lead to what Offe calls a legitimation crisis of the capitalist state in which he projects a gradual withdrawal of citizens from political institutions, culminating in a wholesale rejection of the state’s decision-making competence (cf., for example, Offe 1976:98). As we know by now, Offe’s expectation has not materialized. Yet for understanding some of the legitimation problems political institutions are encountering, especially in the current financial and fiscal crisis, the categories and mechanisms he introduces still seem useful (see Chapter 5). This is also true for the insight that the need of the modern state to engage in legitimation efforts vis-à-vis its citizens does not by itself produce the means to fulfill that task. State capacities for a successful politics of legitimation seem systematically limited, which renders allusions to the overwhelming manipulative powers of the state rather misleading. Offe’s conception of legitimation puts the focus on the limitations and ultimate futility of legitimation efforts—even if they have been as overwhelmingly successful historically as the Keynesian welfare state has been.<sup>10</sup>

### **The Contradictions and Crises of the “Late Capitalist” State**

The theoretical idea of the modern state being committed, at the very same time and on equal terms, to capital accumulation *and* democratic legitimation opens the door to the analysis of a great number of contradictory

relations and conflicting dynamics. Offe's theory locates the structural contradictions distinguishing the modern capitalist state on two levels: the level of *internal contradictions* in the respective spheres of accumulation and legitimation; and the level of the *functional antagonism* between accumulation requirements, on the one hand, and legitimation demands, on the other. We will shortly review the persuasiveness of Offe's argument in both dimensions and then come to his diagnosis of a permanent and ineluctable crisis of the state in late capitalism.

According to Offe, the internal inconsistency of state intervention within both spheres, accumulation and legitimation, is basically due to the insurmountable limits with which administrative rationality is confronted (see Chapter 3). Capital accumulation needs an external entity monitoring the ongoing process of profit realization and reinvestment—but the capitalist state that self-interestedly assumes that role is permanently struggling with the insecurity of which kind of intervention is appropriate for the economy and how much intervention is acceptable to economic actors. Ultimately, the functionally appropriate and socially acceptable level of state activity can only be identified with hindsight—economic and/or political crisis signals that the state's intervention proved to be ill-conceived, insufficient, or excessive. The same argument holds for the state's legitimation function: The interventionist state and its bureaucracies are dependent on public acceptance of their activities and seek to gain support by showing responsiveness to political and social demands raised by the general public. As with its accumulation function, the state cannot know in advance which form and degree of compliance with these demands is effectively functional with regard to its legitimation needs—just as it is unclear where the limits to functionality that should not be surpassed are actually to be drawn (cf. Offe 1984b). In the end, either way of conforming to both functions—intervening more or less, providing less or more—may well be shown to have been the wrong one.

Following this line of argument, the capitalist state is unavoidably confronted with the limits of its interventionist capacity. It permanently faces problems of a deficient performance with regard to both accumulation and legitimation. However, looking back on the post-World War II history of democratic capitalism in the advanced industrial societies of the Western world, one cannot resist the impression that Offe's account of a 'performance crisis' of the capitalist state was somewhat exaggerated. The empirical facts of societal development in 'the West' over these last decades suggest that the effectiveness of the bureaucratic state in securing ongoing economic growth and enduring political support is, at least at first and second glance, quite impressive. Whatever may be said about the capitalist state in any other respect, and the imponderability of crisis management notwithstanding, in terms of both accumulation and legitimation the capitalist state is (or has been so far) pretty much a success story.

If the internal contradictions complicating the capitalist state's contribution to accumulation, on the one hand, and its quest for legitimation, on the other, may have been overstated in Offe's approach, the functional antagonism existing *between* the accumulation requirements of the capitalist economy and the legitimation demands of democratic politics is indeed a major analytical insight and a lasting theoretical achievement of the theory of late capitalism. There is no doubt that both functions of the capitalist state, when taken together and seen in context, are structurally opposed to each other and bear an inherent potential for systemic conflict and disintegration. Offe insistently points to the fact of the capitalist state's "critical 'complexity', its contradictory over-taxing by the imperatives of accumulation and legitimation" (1974:53) as two functional imperatives which have to be met simultaneously and by way of using resources external to both functional spheres. To put it in a nutshell, legitimation is expensive and lives on the fruits of accumulation, while accumulation is contested and needs the conditioning of legitimation. What could abstractly be conceived of as being a happy liaison or a virtuous circle—accumulation enabling legitimation and legitimation allowing for accumulation—in reality is a vast web of conflicting necessities and exigencies, of opposing claims and demands, all of which coalesce and intersect in the institutions and interventions of the capitalist state.

Seen from this perspective, the capitalist state is confronted with complex and multifaceted issues of "problem overload," with an endless succession of "second-order crises," or "crises of crisis management" (Offe 1984b), created by the contradictions of the bureaucratic state having to be both a capitalist *and* a democratic state at the same time. For Offe (1987a:326), "the antagonistic or contradictory character of a system derives from its self-destructive tendencies, which are produced by the gap between the institutionalized procedures for processing problems and those mechanisms that generate these same problems." Offe's theory of the capitalist state thus emphasizes not so much the problems of social integration but rather those of system integration,<sup>11</sup> given the "*contradictory* imperatives of the fulfilling of capitalist class interests and of democratic legitimation" (Offe 1974:48). Torn between its accumulation and legitimation functions, the modern state is the prototypical instance of an institutional actor permanently operating on the verge of a nervous breakdown, constantly trying to close the structural gap between its problem-solving capacities and the problem-generating capabilities of capitalism and democracy.<sup>12</sup>

The two notions in Offe's writings on the capitalist state that have both attracted the most attention and provoked the most critical reactions are undoubtedly the concepts of 'late capitalism' and of 'crisis.' Many observers have perceived those two notions taken together as containing a teleological theory of history that suggests a crisis-ridden final phase of capitalism culminating in its inevitable breakdown. And

even Claus Offe later distanced himself from both concepts (Offe 2006g). While it is entirely plausible that some thoughts (or even hopes) for the demise of capitalism inspired the use of “late capitalism” as a diagnosis of the present in the late 1960s and early 1970s, the construction of the concept does not depend on any expectations about the pending end of history, or at least of capitalism. In Offe’s words in an article published originally in 1972: “The proposal to make inherent self-contradictoriness the reference point for analyzing the capitalist system implies no speculation whatsoever about the long-term historical survival capacity of this system” (Offe 1987a:335). Thus, we will try to defend the notion of late capitalism and its analytical core in particular—even against the author himself.

As mentioned above, Offe’s interpretation of capitalism puts an emphasis on the contradictions and “self-negating tendencies” inherent in capitalism as well as on the remedies that are installed in order to attenuate their consequences. His theory of capitalist development focuses on three such compensatory mechanisms whose “successive institutionalization served to cushion, buffer, or redirect the self-paralyzing tendencies of the basic capitalist structure and, at any rate, prevented its manifest structural crisis” (Offe 1987a:335; see above). The notion of *late* capitalism, then, is based on the assumption that with this set of mechanisms “the available repertoire of institutional possibilities” (337) for moderating the crisis tendencies of capitalism is “categorically exhausted”<sup>13</sup> (Offe 1972b:24). What “remains is . . . the variation and refinement of the existing trio of self-adaptive mechanisms already initiated in all advanced capitalist systems” (Offe 1987a:337).

Thus, while a recombination of the existing tools is always an option, Offe denies the possibility that entirely new devices might be developed to stabilize that fickle economic system called capitalism. In our opinion, there is indeed a point to be made for this exhaustion thesis. Changes in the scale on which companies and markets operate do not justify the rejection of the thesis, as this indeed would point to a recombination of measures more than to a change in principle. If there is a candidate that might stand as a challenger to the thesis, this would certainly be financialization, that is, a change in the basic structure of capitalism from industrial production and related services to financial products (for this debate, see Chapter 5).

What is more important here, however, is that “categorical exhaustion” is a general diagnosis in Offe’s writings that is not confined to the organization of capital accumulation. A very similar argument is—if only implicitly—applied to the politics of legitimation. The institutions of representative democracy, or of “competitive party democracy,” as Offe puts it, and of the Keynesian welfare state represent the two basic mechanisms that have been invented in the development of the modern state to legitimate its claim to authoritative decision-making powers

(cf. Offe 1984e). While democracy entails a formal or procedural claim to legitimacy, the welfare state rests on a material claim. Yet both institutional ensembles appeal to the same set of motivational reasons for citizens to grant legitimation: a combination of normative consent and self-interest. One may support competitive party democracy as a matter of principle because it provides participation rights and accountability claims. Or one may share the insight that electoral democracy is a system in which one (or rather, the political forces one supports) may win—and even if one loses, there is always hope for the next election. Similarly the welfare state may be acclaimed for its (re)distributional equity or for the transfers and services that it provides to oneself and one's family.

Yet since the post–World War II expansion of both competitive party democracy and the Keynesian welfare state, there arguably has not been any fundamental innovation in the politics of legitimation. One can offer popular participation and public control of elected officials to citizens or provide them with material services and benefits—if one cannot or does not want to provide either, legitimation will almost certainly fade. Thus, the phenomenon of categorical exhaustion affects legitimation—and hence democracy—as much as it plagues accumulation within the capitalist system.

It is here that we come to understand the role of crisis in Claus Offe's critical theory of the capitalist state. Late capitalism is an organized form of capitalism in which all possible forms of organization have, in principle, already been developed and appropriated. The resulting set of institutions and instruments to deal with the recurrent crises in capitalism has become ever more refined and has been rather successful in taming capitalism and the crises it systematically produces—much in the way Polanyi (1944) described it. Yet every crisis coped with 'successfully' already bears the seeds of the next one. Problems are never really resolved where they occur but rather merely shifted from one sphere to the other, particularly from the economic to the political sphere. In the course of shifting, they are handled according to the internal logic of the arena to which they are transferred and thus are transformed. There are always unintended consequences; every solution produces new problems and new crises, forcing politics into a reactive mode. The outward appearance of the crisis is constantly changing, yet the crisis is here to stay. It is this dialectic of constant change and eternal stalemate that characterizes late capitalism and the late capitalist state in particular. For all its impressive capacity at political *bricolage*, at recombining diverse strategies of crisis management in order to guarantee system maintenance, the capitalist state is trapped in an irresolvable, permanent crisis. This diagnosis, which sounds rather timely in the age of financial and fiscal crises (see Chapter 5), is at the heart of Claus Offe's theory of the state.

## Notes

- 1 The English translation is simply wrong in this passage. We therefore translated from the German original.
- 2 For years, Offe oscillated between the concepts of “mass loyalty,” which reduces citizens to a purely passive role of acquiescence and “legitimation” that, while principally referring to the elites’ attempts to politically produce legitimacy, encompasses a Weberian sense that authority depends on the beliefs of the governed. While some publications emphasize legitimation (Offe 1973a, 1975b, 1975c, 1976, Offe and Ronge 1984), others resort to mass loyalty (Narr and Offe 1975; Offe 1972b, 1984b), which displays a certain disdain for the ‘masses’ and the democratic processes they are an indispensable part of.
- 3 This line of argument is developed further in Offe’s later article on the ungovernability debate (Offe 1984c), in which he clearly outlines the points in which his reasoning and that of neoconservative critics of the welfare state do meet and partially overlap.
- 4 “Yet at the same time, the greater the amount of class conflict, the greater also will be the need for state intervention to keep it in check. In this double-bind situation, the nature of government undergoes a change, best described by Offe’s concept of selectiveness” (Wolfe 1977:270). As a psychological phenomenon first described by Gregory Bateson et al. (1956), a “double bind” results from an emotionally distressing communicative situation in which an individual receives two (or more) conflicting messages. A successful response to both messages is impossible, so that the individual will always fail to reply adequately to one of the messages no matter what response he or she gives. The double bind occurs when the involved individual can neither resolve the inherent dilemma nor opt out of the situation.
- 5 In some of Offe’s writings, however, a Habermasian normative notion of legitimation inadvertently creeps in—but remains unconnected and somewhat in contradiction with the conception otherwise prevalent in his work.
- 6 Yet one of our main criticisms of Offe’s conceptualization is that this taking democracy seriously remains half-hearted at best. When he discusses the workings of specific democratic institutions and organizations, Offe very often emphasizes their inherently undemocratic and exclusionary character, turning them into a mere pretense rather than an institutional reality. While the limits of democracy clearly have to be recognized, it unnecessarily weakens the argument on the contradictory functions of the state if democracy is devalued as being just a ‘deception of the masses.’
- 7 O’Connor had first developed his argument in two articles published in 1970 (1970a, b).
- 8 This argument is close to Luhmann’s notion of “legitimation by procedure” (cf. Luhmann 1969).
- 9 A historical development from formal to material forms of legitimation was clearly diagnosed in another paper, produced for the Duisburg conference of the German Association for Political Science (Grimmer 1976; see Chapter 1). Without discussing it, Offe tacitly adopted this position in his later writings.
- 10 Offe’s emphasis on material legitimation and the role of the Keynesian welfare state in it could be seen as a departure from Weber’s understanding of “legitimacy beliefs” to be distinguished from self-interested support. Yet Weber discussed “interests” as a base for authority, but he did not consider them “a reliable base for authority. . . . Therefore, normally another element accrues to them [other motivations to follow authority]: the legitimacy belief.” Thus, the exclusion of self-interest or material reasons of legitimacy

was not a matter of principle for Weber, but rather a matter of historical analysis: “Purely material motivations of bonds based on instrumental reason . . . connote here as elsewhere a relatively instable existence” (Weber 2014:449–450). But Weber could simply not know an institutionalized legitimation pattern via the welfare state.

- 11 The *locus classicus* for this distinction is Lockwood 1964; cf. Archer 1996.
- 12 As we will see in more detail in Chapter 3, this deliberate turn away from a social integration (i.e., class struggle) perspective, while opening an array of new theoretical insights, at the same time leads to a somewhat “undersocialized” (cf. Granovetter 1985:483–487) conception of capitalist dynamics and the logics of state intervention. It implies a rather formal conception of democracy that arguably is the weak point of Offe’s critical theory of the state.
- 13 John Keane’s translation (Offe 1987a:337) leaves out the important word “categorically” (“kategorial”). Therefore we are citing (our translation of) the German original in this instance.

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