

Chapter 1

Capitalism and Contradiction in *Legitimation Crisis*

My ultimate aim in the first sections of this book is to present Habermas' mature social theory, his two-tiered theory of society as system and lifeworld, and to show how this theory, after the pattern of classical critical theory, serves to point out and articulate the interests of groups who embody a potential for protest or resistance within the societal formation of advanced capitalism. On the basis of this discussion, in the Intermediate Reflections, I then turn to the sociology of schooling as a means of critically evaluating the empirical adequacy of the theory. But, although it is in the two volumes of *The Theory of Communicative Action* that Habermas develops his mature social theory, I'd like to make a running start at that account by way of an earlier and much less discussed work, *Legitimation Crisis*. There are a few reasons for this:

1. It is in *Legitimation Crisis* that Habermas first attempts to articulate the concepts of system and lifeworld.
2. Objections made against the argument of *Legitimation Crisis* set the stage for the theory of system and lifeworld as it is elaborated in *The Theory of Communicative Action*.
3. The analysis of the welfare state offered here is presupposed by the later thesis of the "colonization of the lifeworld by system."
4. The argument I advance in this work actually bears a closer resemblance to the structure of *Legitimation Crisis* and, as I argue, represents an alternative response to some of the critical issues raised against it—an alternative, that is, to the path Habermas himself takes in *The Theory of Communicative Action* and thereafter.

On the Concept of Crisis

In its earliest employment, in the vocabulary of medicine, “crisis” referred to a critical situation in which the “self-healing” powers of the organism were put to the test: The crisis is that point at which the possibility of a recovery of the normal state of health hangs uncertainly in the balance. Such a crisis is induced by something external: the illness. Its effects are likewise objective deviations from the healthy, well-functioning state of the organism. But although the consciousness of the patient is, in that sense, immaterial, the critical connotations of the idea of a crisis imply a necessary connection to the “patient,” the one who is made passive precisely by the objectivity of the illness from which he or she helplessly suffers. There is an inevitable association between the idea of a crisis and the idea of domination, the deprivation of the powers of the individual by some objective force. Thus, the concept of crisis is inherently normative: “The resolution of the crisis effects a liberation of the subject caught up in it.”¹

It was Marx who first developed a socioscientific conception of crisis that remains the basis of this idea in the economic domain, for instance, as expressed by systems theory in sociology. Put simply, systems theory is a sociological methodology that views societies as a whole, and/or the various subsystems of society (economy, political administration, culture, family, etc.), as adaptive systems that self-regulate their interactions with their environment, something after the fashion of Adam Smith’s view of the capitalist market or a biologist’s view of an organism. So a crisis, according to such a view, occurs when the structure of the system or subsystem prevents it from adequately adapting to new problems in a way that permanently or deeply threatens its integration or coherence. One consequence of this approach is that, as Habermas argues, it makes the possibility of crisis contingent on changes in the “environment,” that is, on changes in those things external yet relevant to the system: When the environment changes in some way to which the system cannot accommodate itself, the system is destroyed, just as a biological organism is destroyed if, for instance, a new parasite or contaminant is introduced into its environment that overwhelms its defenses and compromises the organic processes on which its life depends. Habermas does not deny that this can and does occur; but he insists that there are also internal causes of social crisis to which such a theory is necessarily blind. An internal crisis results from the inherent structure of a social system if that system issues contradictory imperatives that cannot be hierarchically ordered, so that one or the other obviously has priority and thus cancels or relativizes its competitor. In short, as a model of society, systems theory suggests—as a sort of methodological presumption—a greater degree of seamlessness, homogeneity, and harmony than is to be found in actual, existing social systems.

In order to be able to identify such an internally generated crisis, we need to be able to differentiate between the essential structures of a society, those directly related to what Habermas refers to as its “organizational principle” and that cannot be altered without undermining the identity of the system (i.e., without destroying it, turning it into a different kind of system), and those structures that can be altered to meet new challenges. Systems theory fails on this score as well, according to Habermas, because it is impossible to distinguish on the basis of its vocabulary between a reorganization that should count as a learning process contributing to the evolution of a given system, and one that should be interpreted as system dissolution. The reason is that the unity of a social system, defined relative to its goals and identity, can only be assessed from the perspective of its members—as we will see, from the perspective of the “lifeworld.”

Thus, only when members of a society experience structural alterations as critical for continued existence and feel their social identity threatened can we speak of crises. Disturbances of system integration endanger continued existence only to the extent *social integration* is at stake, that is, when the consensual foundations of normative structures are so much impaired that the society becomes anomic. Crisis states assume the form of a disintegration of social institutions.²

System integration refers to the functional interweaving of the actions and action consequences of individuals, irrespective of both their personal motive and intent; for example, individuals are integrated with one another in the economic system by being integrated into the market, which their individual actions serve to reproduce and sustain. The unity or integration of the system is ensured so long as individuals continue through their behavior, howsoever motivated, to carry out the operations necessary for the maintenance of the system as a whole, to perform, for example, those acts from which Adam Smith’s “Invisible Hand” would purportedly emerge. So, disturbances in system integration, which open a gap between individual performances and the functional needs of the system itself, only present the possibility of crisis, Habermas has said, if they threaten social integration.

Social integration is more difficult to explain; it will be necessary in the course of this chapter and the next to critically examine Habermas’ account of social integration as it develops and varies over his career. For now, let us say that social integration, for Habermas, seems to refer to the ability and willingness of individuals within a society both to (a) recognize one another as belonging to the same society, and (b) see themselves, as a group, in continuity with the traditions of previous generations that have

been constitutive for their society and its institutions. It should be clear that these are in fact two distinct—although often interrelated—questions: We can easily imagine a case in which a society remained integrated in the first sense but not in the second.³ In *Legitimation Crisis*, however, Habermas appears to equivocate with respect to these two senses although, in its main argument regarding the diagnosis of the crisis tendencies of advanced capitalism, he focuses on the latter question (b) at the expense of a consideration of the conditions for (a), mutual recognition between contemporary citizens. But with respect to this historical conception of integration, he notes that it contains rather too much idealism: Experiences of rupture of tradition are not only inexact as a criterion for identifying crises, it is often the case that a contemporary sense of crisis turns out to have been a false alarm, even one that was intentionally—that is, ideologically—sounded.

Thus, objective disturbances of system integration only count as a crisis if they threaten social integration; but we can't rely on the subjective sense of a crisis alone to tell us when social integration is truly threatened. Habermas' solution is to attempt to combine the merits of both perspectives: Objectively describable problems that overwhelm steering capacity (not limited to problems introduced by contingent changes in the environment, but including those that arise from internal contradictions) will count as crises only insofar as their consequences affect the consciousness of individuals "precisely in such a way as to endanger social integration."⁴ The crisis theory Habermas articulates in *Legitimation Crisis* is intended to catalogue the vulnerability of advanced capitalist societies to crises that meet this criterion. The first step in constructing such a theory is to elaborate the distinction between system and lifeworld.

System and Lifeworld

The two expressions "social integration" and "system integration" derive from different theoretical traditions. We speak of social integration in relation to the systems of institutions in which speaking and acting subjects are socially related. Social systems are seen here as *lifeworlds* that are symbolically structured. We speak of system integration with a view to the specific steering performances of a self-regulated *system*. Social systems are considered here from the point of view of their capacity to maintain their boundaries and their continued existence by mastering the complexity of an inconstant environment. Both paradigms, lifeworld and system, are important. The problem is to demonstrate their interconnection. From the lifeworld perspective, we thematize

the normative structures (values and institutions) of a society. We analyze events and states from the point of view of their dependency on functions of social integration . . . while non-normative components of the system serve as limiting conditions. From the system perspective, we thematize a society's steering mechanisms and the extension of the scope of contingency. We analyze events and states from the point of view of their dependency on functions of system integration . . . while the goal values serve as data. If we comprehend a social system as a lifeworld, then the steering aspect is screened out. If we understand a society as a system, then the fact that social reality consists in the facticity of recognized, often counterfactual, validity claims is not taken into consideration.⁵

The difference between system and lifeworld is, thus, in the first instance, defined perspectivally: They refer to aspects of social systems considered as a whole that are illuminated by competing theoretical perspectives. But at the same time, they are more than that: The *aspects* of the social system so thematized are distinct structures, namely, the structures relevant to the reproduction of modern, differentiated societies. These theoretical perspectives recommend themselves, in other words, in the light of considerations regarding the object domain of social theory.⁶ Although it is possible to view all of society from either perspective, it is not possible to do so with equal felicity, since each perspective suffers from its aforementioned weakness. To put it crudely, because system and lifeworld therefore are also *things*—they refer to distinct phenomena—there is a real question about their relation and potential interaction. Systems theory, however, cannot respond to this question, because it either screens out normative structures entirely or reinterprets actions in the service of social integration as mere “behavior,” the consequences of which are to be analyzed from the perspective of their functional effects. And because systems theory cannot even identify bounded systems and their goal states (or crises) except through appeal to the vocabulary of action theory, lifeworld analysis retains a kind of priority. Action theory, on the other hand (as in a theory of communicative action), successfully avoids one-sidedness, but only at the cost of a brute “dichotomy between normative structures and limiting material conditions”⁷ (the dichotomy is brute in that one half, the systemic half, remains opaque to such a theory). This is a limitation of action theory that holds not only at the macro-level of society as a whole (composed of system and lifeworld) but also with respect to the individual subsystems themselves (the components of system and lifeworld, such as subcultural forms of life, the political system, and the economic system), all of which combine social and system elements.

The point is that action theory alone cannot ground a social theory adequate to contemporary reality. What is required is a theory that is able to explicate both the operations of system, the material substratum of society and its resources for solving steering problems, and the normative structures of society, including the ways that they are affected by disturbances in the substratum. Habermas claims that these conditions are met by an “historically oriented analysis of social systems” that allows us to determine the range “within which the goal values of the system might vary without its continued existence being critically endangered. The boundaries of this range of variation are manifested as boundaries of historical continuity”⁸ (i.e., (b), the historical sense of social integration). The “goal values” for a society as a whole include both imperatives issued by the normative cultural system—which must be more or less satisfied if the social system is to be perceived as legitimate by its members—and the requirements of system integration—which must be more or less satisfied if the society is to function, to reproduce itself stably. By proposing an “historically oriented analysis,” Habermas intends a theory of social evolution. These aspects of the theory—the determination of goal values and social evolution—come together in the following thesis: “Change in the goal values of social systems is a function of the state of the forces of production and of the degree of system autonomy; but the variation of goal values is limited by the logic of development of world views on which the imperatives of system integration have no influence.”⁹ Thus, the logics of the development of productive forces and of normative structures are independent of one another, although both are important factors in the evolution of society as a whole. This is the basic argument of Habermas’ theory of social evolution.

In both cases, the sequence of development is irreversible so long as the continuity of tradition is not broken: Cognitive advances with respect to technical knowledge, as well as those that underwrite the stages of (in this case, collective) moral consciousness, cannot simply be forgotten (although they can be repressed, on pain of pathological side effects). But there is nevertheless an asymmetry between them: Although the development of productive forces always results in increasing contingency in the sociocultural sphere—that is, as production expands and intensifies, social relations become more complex, necessitating new learning—evolutionary advances in the development of the normative structures governing the sociocultural sphere do not necessarily result in an advance of (new learning in regard to) productive forces. Habermas points to the experience of developing nations as evidence for the claim that modernization of economic and political structures often does overwhelm traditional, stratifying, and limiting social institutions; the development of productive forces can also stimulate socio-cultural change when knowledge produced in the service of technical goals

has the effect of discrediting traditional worldviews. But the fact that these technical developments act as catalysts for the sociocultural development of normative structures does not tell us anything about what the latter developments will look like. This is the point of insisting that the respective logics of development are independent and asymmetric: It may be the case that, rather than resulting in new normative structures that satisfy the imperatives of expanding production, which spurred the development in the first place, the changed normative structures may instead end up restricting the autonomy of economic systems by resulting in new demands for legitimation that alter the goal values of the society as a whole. It is Habermas' argument in *Legitimation Crisis* that this may well be what happened in advanced capitalist societies in the 1960s.

Liberal Capitalism and Contradiction

In *Legitimation Crisis*, Habermas offers some limited substantiation for this theory of social evolution, particularly for the way in which the organizational principle of a society relates to its characteristic vulnerabilities to crisis, through a sketch of primitive (kinship), traditional (feudal), liberal capitalist, and advanced capitalist societies. The first two are not crucial for understanding the details of advanced capitalism, but its specific difference from liberal capitalism is. In his analysis of the latter, Habermas relies quite heavily on Marx, who saw in the relationship between wage labor and capital—enshrined in bourgeois legal codes—the fundamental, in Habermas' terms, “organizational principle,” of liberal capitalism. The key structural change in the development of this social formation (from the crumbling feudal system) is the emergence of an autonomous civil society in which individual commodity owners pursue their private interests. The autonomy of the political and economic systems seems to depoliticize class relations and to turn the patently still prevalent class domination into something impersonal and anonymous.¹⁰ Under feudalism, by contrast, one's position with respect to the “honor system” defined in a single stroke one's economic, social, and political position, one's options with respect to occupation, marriage, education, and so on. The asymmetrical distribution of wealth was directly political, justified by appeal to the authority, ultimately divine in origin, of the Absolutist monarch.

Within the economic subsystem as differentiated from the lifeworld, a new realm of strategic, self-interested action is opened to participants, a legally enshrined space for the pursuit of self-interest without regard for normative structures. This development allows considerable leeway for the expansion of the forces of production and, concomitantly, for the development of normative structures, such as bourgeois law and morality. In the first

instance, as Marx carefully documented, the openly strategic relations of the market economy, their unchecked liberation from normative regulation, led to egregious levels of exploitation of workers (men, women, and children) in the pursuit of “absolute surplus value”—that is, the essentially unpaid labor that results from the nearly indefinite extension of the working day.¹¹ This is one of the most obvious self-destructive tendencies of the market: to undermine the ability of workers to reproduce themselves and their labor power through rest, meeting of basic needs, and so on. The introduction of the legally regulated working day served to counter this tendency, with a tremendously important side effect: Once increased profit can no longer be pursued by extending the working day temporally, capitalists turn to increasing the intensity of labor within the legal time frame, in pursuit of what Marx called “relative surplus value.” Labor-/time-saving technical innovations mean that fewer workers can produce more commodities in the same or even less time; or, if market opportunities exist for selling greater product, the same number of workers can produce even more product in the same or even less time. In either case, the result is a driving down of the amount of capital that must be spent on labor relative to the amount that will be realized through exchange; in other words, increased profits. The fateful evolutionary consequence is that the accumulation of capital becomes tied to the development of technical innovations that increase the efficiency of labor in this way.

At the same time, there is an important transformation in the structure of legitimation in liberal capitalist societies, an inversion of a sort. In traditional, feudal societies, the sociocultural sphere provided the legitimation required for the operations of the economy, specifically for the private appropriation of social wealth in accord with the status hierarchy. As mentioned previously, the religious worldview of feudalism justified the patent economic inequality. In liberal-capitalist societies, this worldview is undermined and the autonomy of civil society is justified on the basis of an independent, universal moral principle: the exchange of equivalents (or equality, generally). The market, in a sense, needs no justification; to the contrary, it now both provides the legitimation for the actions of the state, so long as the latter limits itself to actions that are complementary to the apparently inherent justice of civil society, and directly contributes to the integration of society as a whole according to the newly autonomous pattern of system integration. The market is open to the talent and effort of all, equally, to make from it what they will. With this new contribution, however, comes a new danger: steering problems, that is, disturbances in the operations of the system, present for the first time direct dangers to the integration of society. The potential for class conflict has been transferred, by the organizational principle of liberal-capitalist society, to the steering

dimension, “where it expresses itself in the form of economic crisis”¹²—that is, in the cycle of growth, crisis, and recession/depression. These crises are problematic precisely because the ideology of equality in the market plays a legitimating function for the entire social system; when the market shows itself to be dysfunctional, and if these disturbances cannot be passed off as natural catastrophes, then the opposition of classes that sits at the basis of liberal capitalism may come explicitly to the fore.¹³ This is precisely what Marx’s theory of value intends to accomplish: both to analyze the steering mechanism of the capitalist market and, in so doing, to unmask its ideological pretension to equality, to show that what is institutionalized in the market through the system of bourgeois civil law is not the principle of equal exchange, but a particular constellation of power. This contradiction in liberal capitalism is fundamental to its very existence:

We can speak of the “fundamental contradiction” of a social formation when, and only when, its organizational principle necessitates that individuals and groups repeatedly confront one another with claims and intentions that are, in the long run, incompatible. In class societies this is the case. [But] As long as the incompatibility of claims and intentions is not recognized by the participants, the conflict remains latent.¹⁴

The key to Marx’s argument for the inescapability of this confrontation, precipitated in turn by the inescapability of economic crisis, is his theory of the falling rate of profit. Through this, he intends to reveal to the proletariat in particular that the source of their suffering is not the result of natural, inexplicable catastrophe, but of domination, a basic antagonism of interests that is irresolvable within the present social system. The argument, very briefly, runs as follows: profit is derived from the private appropriation of socially produced surplus value (a violation of distributive justice) which, as we have already seen, is increasingly reliant on relative sources, that is, on technical innovations. But this means that continued accumulation is dependent on increasingly capital-heavy, near-term investment in innovation, machinery, and the like, aimed at reducing expenses in the long run. As a result, at ascending levels of accumulation, and correlatively of technical progress, the total composition of capital, made up of both constant capital (raw materials, machinery, tools, etc.) and variable capital (wages and, in the end, profit), alters to the detriment of the latter: Constant capital absorbs more and more of the total amount. Yet it is precisely from variable capital that relative surplus value is derived.¹⁵ The result is a falling rate of profit relative to investment, which undermines the incentive for reinvestment, and the collapse of economic growth, which leads to recession or depression. It

also is worth recalling that accumulation is dependent on more than just increased productivity, since production must be kept in a careful balance with the opportunities for capital realization, with opportunities for realizing investment by selling your product. Because overproduction drives down market prices, increased production is only worthwhile in connection with increased consumption; but the masses can only increase consumption through higher wages, which would again require surrender of some amount of the variable capital from which relative surplus value is derived.¹⁶ The collapse of incentives for reinvestment results in mass unemployment and economic crisis, but this economic crisis immediately becomes a social crisis because it lays bare the opposed interests of social classes and threatens social integration. Note, however, that social integration here appears to be predominantly concerned with the mutual recognition of contemporary members of society; the revelation in question is the one long ago observed by Plato, that a city governed by the pursuit of wealth is not one, but two—a city of the wealthy and a city of the poor. The continuity of socioculturally constitutive traditions appears to have very little to do with it; if anything, the ideals of that tradition are reinforced, that is, the ideals of equality and justice are reasserted *against* their contradiction by social practice.

“A Descriptive Model of Advanced Capitalism”

There are two phenomena that are particularly important for the delimitation of liberal from advanced capitalism, both of which have to do with the “advanced stage of the accumulation process.” The first is the complementary and intertwined processes of economic concentration and the globalization of markets.¹⁷ The result of this phenomenon is the emergence of “oligopolistic” or monopoly capitalism in the place of competitive capitalism. Although the former often continues to rely on the market as a steering mechanism in the implementation of strategic decisions aimed at company profit, monopoly capital is able to exert extensive control over market operations. The second is the rise of the interventionist state, which attempts to manage economic growth and, especially, to prevent economic crisis. Although these interventions restrict the autonomy of private commodity owners in some ways, the state refrains from any direct political management of the system of resource distribution, which could not take place without completely dismantling the market system. Accordingly, “the priorities of society as a whole [continue to] develop in an unplanned, nature-like manner—that is, as secondary effects of the strategies of private enterprise.”¹⁸ Habermas traces out the significance of these developments for the organization and operations of (a) the economy, (b) the political-administrative system, (c) the sociocultural legitimation

system, and (d) the class structure of advanced capitalism, all with an eye to the diagnosis of possible crisis tendencies.

The Economic System

Habermas' analysis of the economic system of advanced capitalist nations is based on the three-part model developed by economists whose studies focused on the United States. The three parts are: The private sector, comprised usually of (1) smaller, competition-driven enterprises and (2) oligopolies that tolerate a "competitive fringe," but whose own investment decisions are based on "market strategies" (monopoly) rather than competition; and (3) the public sector, including especially the arms and space travel industries (and today we should certainly add so-called "defense contractors," the nuclear industry, etc.), which are either government controlled or reliant on enormous government contracts and which, as a result, make investment decisions without regard for the market. Both oligopolies and the massive public-sector corporations are capital-investment heavy and are today responsible for the majority of economic growth (and are, Habermas claimed in *Legitimation Crisis*, now outdatedly, faced with strong unions).

The Political-Administrative System

The administrative system in advanced capitalism, as in liberal capitalism, executes the imperatives of the economic system. Its activities on this account can be divided into two classes: (a) regulating the economic cycle through global planning, and (b) the creation of opportunities for capital realization and the improvement of conditions for the use of "excess accumulated capital."¹⁹ Global planning strategies (a) are limited by the freedom of investment of private enterprise, which cannot be infringed upon, and so are reduced to the "avoidance of instabilities." Actions taken to this end—ultimately, of maintaining economic growth—include monetary and labor market policy, income redistribution, loans and subsidies of various sorts, and so on.²⁰ The most these strategies can accomplish, however, is to alter the circumstances and considerations that enter into the decision-making process of private enterprises, in order in this indirect way to "correct the market mechanism." This is to be contrasted with the activities of the second class (b), in the service of capital realization, in which the market mechanism is directly supplanted. The most patent, time-honored, and ongoing example of this second strategy is imperialism, the direct conquest of foreign markets; the "structural adjustment" policies of the World Trade Organization, International Monetary Fund, and World Bank, which demand (among other things) the

opening of markets to foreign investment and trade, are merely the subtler, younger siblings of the same parentage. The extensive list of means described by Habermas as employed to this end include:

“strengthening the competitive capability of the nation” by organizing supranational economic blocks [e.g., NAFTA, the proposed Central American Free Trade Agreement, the European Union free trade zone], securing international stratification by imperialist means [e.g., U.S. interventions in the Middle East and Latin America] . . . unproductive government consumption (for example, armaments and space exploration) . . . guiding, in accord with structural policy, the flow of capital into sectors neglected by an autonomous market . . . improvement of material infrastructure (transportation, education, health, recreation, urban and regional planning, housing, construction, etc.) . . . improvement of immaterial infrastructure (general promotion of science, investments in research and development, provision of patents, etc.) . . . heightening the productivity of human labor (general system of education, vocational schools, programs for training and re-education, etc.) . . . relieving the social and material costs resulting from private production (unemployment compensation, welfare, repair of ecological damage).²¹

These changes in the role of the state are, according to Habermas, of great significance for Marx’s law of value and its role in his analysis of the capitalist economy. That is, the form of the production of surplus value is transformed where the state assumes responsibility for the production of collective commodities, infrastructure, education, and so on, which reduces the balance of constant capital and the cost of the reproduction of labor power, and so frees up additional surplus value. In particular, Habermas points to the significance of government organization of science/innovation and of education/qualification in this connection. Teachers, engineers, scientists, etc., are all engaged in forms of labor that are, in Marxian categories, directly unproductive; and yet their labor has become of crucial indirect significance in the attempt to increase the productivity of labor and so, too, surplus value.²²

The Sociocultural Legitimation System

The functional problems in the market undermine the core ideology of liberal capitalism, the exchange of equivalents, the basic fairness or justice of the market. What is worse, government intervention intended to stabilize

the economic system—for instance, corporate bailouts—“re-politicizes the relations of production,” which increases the need for legitimation. It is no longer possible, as the traditional state did, to appeal to cultural traditions that have, in the meantime, been “undermined and worn out during the development of capitalism.”²³ Universal moral and legal norms have since made their appearance in the normative structures of liberal-capitalist society, where they served to ideologically conceal the domination of the proletariat by the bourgeoisie through a selective interpretation of the “rights of man.” But these developments are irreversible and so new sources of legitimacy may only be sought in accordance with universal legal and moral principles, such as human rights and, especially, popular sovereignty. Habermas claims that this obstacle is overcome through a system of merely “formal democracy,” a kind of periodic plebiscite on administrative personnel that shields the basic operations of government administration—typically presented as “technical questions”—from genuinely democratic determination.²⁴ This relative independence of the administrative system from the process of political will formation signals the depoliticization of the public sphere, which is itself made to appear acceptable to citizens through the cultivation of attitudes summarized by Habermas under the heading of “civil privatism.” The latter refers to “political abstinence combined with an orientation to career, leisure, and consumption . . . [which] promotes the expectation of suitable rewards within the system (money, leisure time, and security).”²⁵ In some places, Habermas differentiates this syndrome into civil privatism, referring to a high interest in system output (goods and security) coupled with a low interest in system input (participation), and a complementary familial-vocational privatism, referring to a family orientation paired with a high interest in leisure time and consumption, as well as a “career orientation suitable to status competition.”²⁶ Diffuse mass loyalty is thus ensured through economic output alone and, in that sense, despite democracy, the merely formal character of which is perceived to be acceptable by individuals socialized into the syndromes of privatism just so long as there is sufficient pay-off.

But things aren't entirely this simple. First, these pay-offs are increasingly in the form of use values (social services, transportation, health care, etc.), which places the administration in an awkward position because the imperatives of capital realization and system maintenance generally prohibit the consideration of use value in preference to exchange value. Second, the process of depoliticization itself requires justification (and not only compensation), which must be provided by democratic elite theories and technocratic systems theories that translate practical problems of politics into technical, administrative problems accessible only to the reflection of experts. Thus, just as bourgeois political economy had suggested that the capitalist system

was a spontaneous outgrowth of human nature, so too these theories argue that the transfer of decision making to experts is a natural and unavoidable consequence of increased social complexity.

The Class Structure

Although relations of production have been repoliticized under advanced capitalism, this does not necessarily undermine the anonymity of domination that prevailed under its liberal predecessor. The sort of crisis of integration that would entail is avoided through a management of class relations that intends to keep class divisions latent: for instance, through such measures as political compromises on wages between unions and companies, particularly in the public and monopolistic sectors that are crucial to economic growth. This compromise, Habermas argues, absorbs the conflict potential of increasingly reformist labor politics; the increased labor costs that result are passed on to the consumer in the form of higher commodity prices. Because there is an overlap of the moderate demands made on the state by workers and companies regarding, for example, productivity, social services, the qualifications of labor, and so on, “[t]he monopolistic sector can, as it were, externalize class conflict.” This externalization has a number of important consequences:

(a) disparate wage developments and/or a sharpening of wage disputes in the public service sector; (b) permanent inflation, with corresponding temporary redistribution of income to the disadvantage of unorganized workers and other marginal groups; (c) permanent crisis in government finances, together with public poverty (that is, impoverishment of public transportation, education, housing, and health care); and (d) an inadequate adjustment of disproportional economic developments, sectoral (agricultural) as well as regional (marginal areas).²⁷

But perhaps the most important cumulative result is the fragmentation of class conflict, the dispersion of the effects of crisis avoidance over a wide range of unorganized “quasi-groups” that, in Habermas’ estimation, are lacking in serious protest potential: consumers generally; those reliant on (permanently bankrupted) government services of some form, such as the sick or elderly, transportation users, school children, and their parents; and finally, “natural” groups lacking in political power whose marginalization is acceptable for reasons of prejudice, such as immigrant communities and racial and ethnic minorities. This last consequence is particularly important for my argument.

Having offered this sketch of the structure of advanced capitalism, Habermas turns to the question of whether it indeed represents a new social

formation, that is, whether a change has come about in the organizational principle of liberal capitalist society. This question centers on the identification of characteristic susceptibilities to crisis, but also more generally on whether exchange remains “the dominant medium of control over social relations.”²⁸ The fact that the exchange principle has continued to migrate into areas from which it had once been excluded does not conclusively answer this question for us. Habermas addresses the issue of crisis susceptibility first.

Crisis Tendencies in Advanced Capitalism

Habermas’ first comment on this issue is that he will not rule out the possibility that advanced-capitalist strategies for the avoidance of economic crisis could be indefinitely successful. However, the absorption of the basic contradiction of capitalist society, its administrative processing and transference into the sociocultural system, necessarily reintroduces the permanent possibility of political conflict, although no longer in the direct form of political class conflict predicted by Marx. Thus, the pessimism of the earlier Frankfurt School was premature: The dissolution of the threat of inevitable economic crisis does not itself entail the establishment of a seamlessly administered society. Before elaborating this position in any detail, however, Habermas discusses three kinds of problems faced by advanced capitalism that, although not taking the form of crisis, potentially present limits to its indefinite development: the limits of the natural environment to sustain economic exploitation, which are today clearer than ever; the threat of globally destructive warfare presented by economically functional arms proliferation; and the shaping of individuals’ motives in favor of compliance and complacency. Only the third is relevant for my argument here, which concerns the possibility of a “violation of the consistency requirement of the personality system.”²⁹

The development of the steering capacity of society, which is a condition for growth, expands in two directions: through the development of the forces of production, by which systems gain control of outer nature (and encounter environmental limits); and through increasingly complete forms of socialization, by which it attempts to gain control over the inner nature (motivations, etc.) of its members. The former relies on the accumulation of technically useful knowledge, knowledge that implies a truth claim relative to the objective world; socialization, on the other hand, shapes inner nature through “normative structures in which needs are interpreted and actions licensed or made obligatory,” which structures imply claims for the validity of underlying norms.³⁰ According to Habermas, although there is nothing in human nature or psychology itself to prevent the complete socialization and instrumentalization of individual psychology decried by earlier generations

of the Frankfurt School, there are restrictions related to the nature of the socialization process as it has hitherto operated, on the basis of the internalization of interpretive, identity-securing normative structures with a criticizable claim to normative validity (which I discuss in detail in Chapters 3 and 4). Thus, Habermas claims, in the absence of a radical change in the nature of socialization and so of individuation, “it is inconceivable that there should be legitimation of any action norm that, even approximately, guarantees an acceptance of decisions without reasons.”³¹ In other words, at the limit where individuals would be shaped so as to “automatically” produce the sorts of performances required for system maintenance, without any (even implicit) appeal to normative legitimacy, we would at the same time be faced with a social system radically different than what has existed up until the present. As Habermas has already observed in his critique of the self-sufficiency of systems theory: Up to the present, at least, the identity of social systems has been dependent on the identity of its members.

In addition to the three problems representing challenges in the “environments” of system, Habermas describes four possible, internally generated crisis tendencies to which advanced capitalist societies are vulnerable. However, his argument on this score is very strongly qualified: The division, first of all, is analytic and in actual practice compensating substitute relations are possible, where one system alleviates pressure on another. More importantly, although he believes advanced capitalism will—unless the above transformation of the nature of socialization is carried through—remain *vulnerable* to one of these crisis tendencies at any given time, it is not possible to predict that any form of crisis will actually occur.

Economic Crisis Tendencies

The economic system, according to Habermas, is characterized by an input of work and capital, and an output of consumable values distributed according to system mechanisms as well as status hierarchies. Economic crises in liberal capitalism, resulting from the undermining effect of the falling rate of profit on incentives for reinvestment, describe disturbances in output. In bourgeois society, these disturbances repeatedly brought to the consciousness of members the pattern of distribution of (in times of crisis) increasingly scarce values and, in so doing, threatened to unmask the legitimating pretence of equality. So the question of economic crises refers to whether the administrative system of advanced capitalism can, through the two classes of action on behalf of capital described previously, successfully manage and promote continual growth and so forestall the falling rate of profit. Habermas has declared it at least possible, but not without a cost. The other three forms of crisis illuminate this cost.

Political Crisis Tendencies

The input required by the political-administrative system is the generalized mass loyalty already described, as independent as possible of the specific motivations of citizens; its output is in the form of administrative decision making. An output crisis is indeed possible, which Habermas refers to as a “rationality crisis,” if these decisions do not satisfy the imperatives issued by the economic system. This would result in a disturbance of system integration. An input crisis, on the other hand, would mean a loss of loyalty, that is, a “legitimation crisis” in which mass loyalty, and so social integration, cannot be secured at the same time as the imperatives of the economy are carried out; in particular, Habermas has in mind cases where the satisfaction of economic imperatives threatens the depoliticization of the public sphere and the acceptability of merely formal democracy.

The fundamental problem underlying a rationality crisis is the inability of the state to adequately steer the economy, either (a) because of the basic anarchy of the market, which could only be tamed through recourse to the kind of economic planning that would infringe upon the autonomy of private enterprise; or (b) because the absorption of economic imperatives into the medium of administrative power is not possible without introducing “foreign orientations” into the system. These foreign orientations refer to the socialization of increasing numbers of workers engaged (in Marx’s terms) in concrete (oriented to use value) rather than abstract (oriented to exchange value) labor—for example, in public service (health, education, etc.)—as well as to those not engaged in productive activity at all—such as students, welfare recipients, the sick, criminals, and unemployed. The problem here, in the first instance, is that the system steers actions by altering the external facts in the light of which strategic decisions oriented to exchange value are made (after a pattern describable in terms of rational choice theory); but to the extent that individuals are no longer primarily orientated by exchange value, the alteration of such external facts becomes ineffective.³² Put plainly, individuals not adequately socialized by school and work to orient their actions by the individualistic pursuit of monetary rewards are exceedingly difficult to control through manipulating the conditions for the distribution of these rewards. Habermas concedes, however, that this negatively described steering difficulty does not possess the force of a logical contradiction in the system because limited forms of participation, as well as other potential means, may prove equally or more effective in steering action than external behavioral stimuli. The larger issue, potentially productive of crisis, is the positive possibility of dysfunctional motivational developments that would more or less directly oppose cooperation with the status quo administration of society.

Thus, in the attempt to adequately steer the continuous growth of the capitalist economy, the administrative system gradually extends its boundaries both into the economic system—where it supplements or replaces the market mechanism—and into the sociocultural system, where it attempts to secure for itself legitimation and functional motivations. The latter effort is what Habermas will later call “colonization,” in which system imperatives and systemic forms of integration spread into and undermine domains of cultural tradition, social integration, and communicative socialization. “The residue of tradition must, however, escape the administrative grasp, for traditions important for legitimation cannot be regenerated administratively”—as Habermas will say elsewhere, more generally, “[t]here is no administrative production of meaning.”³³ Cultural tradition is reproduced in an unplanned, nature-like way; even when it is consciously and critically appropriated by reflective, autonomous individuals, it remains a delicate medium for the crucial tasks of social integration and self-understanding, the potential for which it surrenders wherever tradition is patently manipulated or strategically employed. This presents a structural or systematic limit to the ability of the administration to “compensate for legitimation deficits through conscious manipulation.”³⁴ This limit only indicates an immanent potential for crisis, however, when seen in conjunction with the insight that the expanding scope of state action necessarily calls for increasingly more legitimation.

Habermas offers a number of familiar examples of the way in which the state attempts to secure the legitimating depoliticization of the public sphere, which include,

the personalization of substantive issues, the symbolic use of hearings, expert judgments, juridical incantations, and also the advertising techniques (copied from oligopolistic competition) that *at once confirm and exploit existing structures of prejudice* and that garnish certain contents positively, others negatively, through appeals to feeling, stimulation of unconscious motives, etc. The public realm, set up for effective legislation, has above all the function of directing attention to topical areas—that is, of pushing other themes, problems, and arguments below the threshold of attention and, thereby, of withholding them from opinion-formation.³⁵

Although interventions of this kind attempt to avoid the direct manipulation of cultural tradition or meaning, they are nevertheless equally problematic from a different angle: Every intervention of the administrative system within the realm of tradition has the perverse side effect of thematizing elements that hitherto had been accepted uncritically as natural; the awareness that

things could be otherwise actually expands the potential scope for democratic will formation among the population, and so undermines the depoliticization of the public sphere that is so crucial for system legitimation.³⁶ An example of the administrative processing of cultural tradition that has resulted in just such thematization is educational, especially curricular, planning. In the past, school administrations based general curricula around a codified canon that represented the essential developments of a culture that unfolded in an unplanned, nature-like manner. Curriculum planning today, on the other hand, in the service of administratively determined goals including both long-term economic planning and the cultivation of functional patterns of socialization, “is based on the premise that traditional patterns could well be otherwise. Administrative planning produced a universal pressure for legitimation in a sphere that was once distinguished precisely for its power of self-legitimation.”³⁷ Disputes over the role of “core curriculum” at the university level, and value issues in public education, reflect the high degree of politicization that has been unwittingly introduced by administrative interference in education. And the problem extends beyond disputes regarding the content of education and tradition to include the form or method of socialization itself, competition between the family and the school, and the “problematization of childrearing routines” that is reflected both in the growing socializing significance of the school and in the “pedagogical-psychological, scientific journalism on the subject.”³⁸

So there are two possibilities lurking beneath the idea of a rationality crisis: The administration may fail the economy by providing adequate legitimation, but at the cost of inadequate efforts to forestall the falling rate of profit and so too economic crisis (which, in the long run, threatens legitimation again); or it may fail the economy by not providing adequate legitimations, or worse, by perversely undermining the crucially important depoliticization of the public sphere on which rests the entire legitimating enterprise of formal democracy. Once the latter has occurred, and the unquestionable character of tradition has been undermined, legitimating validity claims can only be restabilized through discourse, that is, through the genuinely democratic, communicative achievements of citizens.³⁹

Sociocultural Crisis Tendencies—Legitimation Crisis, Motivational Crisis

Input for the sociocultural system refers to the products of the economic system (consumable goods) and the political system (legal acts, provisions for public safety, etc.). As a result, an output crisis in either of those systems will result in an input crisis here, leading to a withdrawal of legitimation. Because the sociocultural system does not produce its own input, there are no internally generated input crises. However, all forms of crisis are “filtered,” as it were,

by the sociocultural system, because it is on its output that social integration depends; that is, social integration depends “directly on the motivations it [the sociocultural system] supplies to the political system in the form of legitimation and indirectly on the motivations to perform it supplies to the educational and occupational systems.”⁴⁰ There is an output crisis in the sociocultural system whenever normative structures are transformed—in conformity with their own independent logic—such that the needs, expectations, or identities of individuals rooted in these structures become dysfunctional with respect to the political or occupational system. Additionally, if the political structure changes (even if normative structures do not) such that a need for legitimation arises that cannot be met by existing resources, a legitimation crisis results. A motivational crisis, on the other hand, is directly the product of changes in the sociocultural system itself. On this basis, Habermas offers the thesis at the heart of *Legitimation Crisis*:

In advanced capitalism such tendencies are becoming apparent at the level of cultural tradition (moral systems, worldviews) as well as at the level of structural change in the system of childrearing (school and family, mass media). In this way, the residue of tradition off which the state system of social labour lived in liberal capitalism is eaten away (stripping away traditionalistic padding), and core components of the bourgeois ideology have become questionable (endangering civil and familial-professional privatism) [the negative possible threat mentioned earlier]. On the other hand, the remains of bourgeois ideologies (belief in science, post-auratic art, and universalistic value systems) form a normative framework that is dysfunctional [the positive potential threat].⁴¹

In the first place, at issue is the rise of expectations in society that either cannot be satisfied because of insufficient value (the bankrupting of public finances will have, in this case, reached a crisis point where it can no longer adequately mitigate the painful side effects of capitalist growth through compensation), or because the expectations in question are not amenable to the form of value with which the system must operate, namely, a rise in use-value expectations that will not be satisfied through conversion into exchange value (monetarized compensation). Because expectations play the key role in this argument, Habermas claims, “[a] legitimation crisis . . . must be based on a motivation crisis—that is, a discrepancy between the need for motives declared by the state, the educational system and the occupational system on the one hand, and the motivation supplied by the socio-cultural tradition on the other.”⁴² This second part is crucial: A crisis only results if, in addition to the erosion of the traditions that support civil privatism, there