

# »Private before State«? On the Development of Political Ideal Models of the Role of the State\*

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**A**fter a long period during which the retreat of the state was fashionable, for some time now the return of the state has been the subject of intense discussion. Whether the issue is minimum wages, training and education, ensuring a working credit system, or dealing with the global financial crisis, a strong role for the state has once again come to be seen in the public debate as fairly positive or, at the very least, as necessary. At the same time, there is some doubt concerning whether the general »change of mood« really constitutes a paradigm shift in the politics of the state. Taking due account of this uncertainty, in this article an attempt is made to garner some insights from the historical evolution of ideal models of the state with regard to its practical relevance and future development.

## »Ideal Models« in Politics

»Ideal models« are of central importance in politics. According to Heinrich Schneider (1992), they represent a dialectically related ensemble of objectives and patterns of perception and interpretation which confer a certain »structure of relevance« on concrete situations. One can talk of a change of ideal model when, against the background of a change in a society's problem horizon, political goals are fundamentally redefined. The transformation of political ideal models or paradigms, therefore, may be inferred from the specific interaction of general material changes and their discursive-ideal processing (see also Jessop 2002: 92ff). Such transformations are contested to the extent that – particularly during times of crisis – usually several ideal models compete with one another. Which of the ideal models eventually prevails is difficult to anticipate. Its

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power to shape politics grows, basically, to the extent that the various levels at which ideal models are produced interlock coherently and mutually reinforce one another. In simplified terms, three levels or »floors« of the (re)production of ideal models can be distinguished (Hall 1990: 8off):

1. The uppermost floor is formed by the theoretically grounded frameworks conceived by intellectuals or think tanks. They are characterized by a relatively logical and coherent perspective in terms of which the relevant topics or problems are analyzed and interpreted. Not infrequently, the claim to scientific objectivity and the public reputation of the authors or originators of specific discourses play an important role.
2. Beneath the level of theoretical-conceptual reflection, so-called »secondhand dealers in ideas« (Hayek, cited by Crockett 1994: 159) bring it about that the grand intellectual designs are taken up in public debate, disseminated in the education system, and operationalized in political practice; that is to say, translated into concrete projects and initiatives. Journalists, teachers, party politicians and other political actors, and other opinion-forming occupational groups see to it that ideas and ideal models are adopted and put into practice. In this way, the systematic and elaborated thoughts of conceptive intellectuals are, to some extent, drastically simplified. In addition, concessions often have to be made in order to overcome historically rooted institutional, cultural, and power-political resistance. In other words, the second or middle »floor« is characterized by considerable constraints due to compromise and less coherence in the discourse on the ideal model.
3. This coherence is even more tenuous at the lowest level, which is the everyday consciousness of the bulk of the population. This is mainly because, although such everyday consciousness is strongly determined by social (class) situation, at the same time – reinforced by the erosion of society's moral environment and the mass media – extremely disparate or even opposing events, beliefs, and experiences frequently coexist in everyday discourse. In contrast to an – extremely unlikely – measured, largely theoretical reflection, everyday consciousness tends to be strongly fragmented and not infrequently receptive to elements of very different ideal models.

Which ideal models become socially and politically relevant or even hegemonic – that is to say, find widespread assent and active support – is,

consequently, not dependent solely on the brilliance of intellectual design and the commitment of opinion-forming occupational groups. Indeed, the last-named level of everyday consciousness shows clearly that processes of socioeconomic restructuring and politico-institutional reorganization – and above all the experiences (favorable as well as disappointing) and expectations associated with them – influence the societal resonance of particular ideal models.

Little wonder, therefore, that ideal models, particularly those of the state, change constantly in the context of societal and politico-institutional transformation processes. Of central importance in this respect is the interaction of crises, criticism, and intellectual intervention (Koselleck 1973; Steil 1993). Crises are, by definition, phases of profound uncertainty, that is to say, periods of decision or change in which – in medical terms – the patient either recovers or dies, or, more abstractly: »the old dies [while] ... the new ... is still unable to come into the world« (Gramsci 1991: 354ff). For intellectuals of every stripe, crises offer not only the chance that their criticisms of existing circumstances and (hegemonic) ideal models will meet with public approval, but also an opportunity to supersede the old ideal models – convictions and societal practices – and to replace them with new ones. Intellectual diagnoses of crisis and criticisms of existing structures and paradigms often lead directly to alternative ideal models. Whether or not these will gain widespread support is by no means certain. However, their prospects of success improve to the extent that the new ideal models – including their political implications – can be presented as necessary, appropriate, and, if possible, even universally beneficial solutions to acute crises and urgent social problems.

## **Ideal Models and Projects to Transform Statehood (»Staatlichkeit«)**

The positive public perception of particular ideal models is not simply a given, but rather disputed incessantly, both politically and discursively. What this means in concrete terms will be briefly reconstructed in the following sections based on a series of competing ideal models – from the »Keynesian welfare state« through the »lean competitive state« to the »activating state« and the »guarantor« or »ensuring« state.

## From the Keynesian Welfare State to the »Lean Competitive State«

The ideal model of the »Keynesian welfare state« was, so to speak, inscribed in the post-war order of so-called »embedded liberalism« (Ruggie 1982). In addition to the architects of the Bretton Woods system, influential social forces – (major) political parties, trade unions, employers' associations, churches, and so on – took the view that a liberal global economic order (if it was to be in accord with democratic forms of social organization) had to be subject to various forms of constraint: on the one hand, by political supervision and control over international currency and financial relations; and on the other hand, by welfare state and corporatist institutions for coordinating social interests. Wage increases and welfare benefits were also very important to the extent that the Fordist model of production – Taylorist mass production – and the processes of »internal colonization« (Lutz 1984) (that is to say, capitalist valorization of traditionally organized areas of society) were supported on the demand side.

This complementarity of Fordist capitalism and welfare state regulation took a variety of national forms. The ideal model of the Keynesian welfare state became hegemonic, to a greater or lesser extent, at various times. In Great Britain and Scandinavia, the ideas of Keynes and Beveridge were decisive in the immediate post-war period, while in Germany the ideal model of the Keynesian welfare state became prominent relatively late, in the 1960s and 1970s, that is, in the context of economic and social crises, Karl Schiller's »concerted action« plan, the expansion of welfare benefits, the expansion of training and education, and the reform of enterprise-level codetermination. As an expression and element of a rising euphoria of state planning, however, the Keynesian welfare state soon came under criticism. On the one hand, first of all critics on the left (Offe 1972; Habermas 1973) objected that, although the Keynesian welfare state is able to manage the socioeconomic crises of late capitalist »sociation,« in this way crisis processes are shifted to the political system, to the extent that, on the one hand, welfare state regulation and crisis intervention is in particular need of legitimation, and on the other hand, its bureaucratic character is hard to fully reconcile with ideals of the socio-cultural lifeworld and claims to participatory supervision and codetermination. On the other hand, a few years later right-wing representatives of the »ungovernability thesis« saw the problem as having nothing to do with inadequate democratic control of the welfare state, but rather

in its inherent tendency to expand (Crozier et al. 1975; Hennis 1976). As a result of the interaction between societal inflation of expectations and state »illusions of doability,« in the end the state became overburdened and to some extent ungovernable. In addition, market forces were suppressed.

Already during the 1970s, but at the latest at the onset of the 1980s the right-wing critique and the crisis diagnosis that underlay it became increasingly influential in the public debate. This was due not least to the fact that in the OECD countries politico-economic perspectives had changed. The Keynesian welfare state and overly strong trade unions were widely considered to be responsible for so-called »stagflation« – in other words, economic stagnation in combination with relatively high inflation rates – and the return of mass unemployment. In this situation, many central banks – with the Bundesbank in the forefront – adopted a relatively strict anti-inflation policy, which made Keynesian demand stimulation more difficult, if not impossible. The discursive and political success of market liberal, supply-oriented concepts of modernization was therefore based on the failure of previous Keynesian strategies and appeared to provide an adequate and sustainable solution, with its sharp criticisms of the bureaucratic and certainly overgenerous welfare state and the overregulation of the labor market demanded by the trade unions.

The critique of the Keynesian welfare state was not, of course, based solely upon the views of neoliberal economists, who had been gathering in various networks and positioning themselves politically since the end of the 1940s (Cockett 1994; Plehwe/Walpen 1999). Intellectuals in sociology and philosophy also made an active contribution to the social reception of neoconservative and neoliberal ideas (Bell 1991). Although the arguments in favor were many and various the common focus was clear. Instead of the bureaucratic and patronizing, cost intensive and performance inhibiting welfare state, a more efficient and competition-oriented, in short, a »lean competitive state« was required, which would concentrate directly on its core tasks and, at the same time, open up new spheres of action for individual responsibility, and above all for the self-correcting powers of the market and the private initiative of free enterprise.

## From the »Lean Competitive State« to the »Activating State«

Based on the project of administrative modernization – in other words, New Public Management – the ideal model of the »lean state« was first formulated in the 1990s in emulation of the newly popular notions of »lean production« and »lean management.« Leaving aside national differences, this ideal model was characterized by three aims: first, consolidation of public budgets; second, flexibilization and deregulation of labor and social policy; and third, »rolling back the state«. In essence, these three goals represented the central points of reference of national reorganization strategies whose implementation had begun as early as the 1980s. In this sense, it is perfectly reasonable to talk of a paradigm change. The machine of state was no longer under the aegis of a policy of social entitlements – actively combating social inequalities, insecurity, and exclusion – but was increasingly subject to a market-oriented conception based on performance and efficiency, as a consequence of which other areas of state responsibility were submitted to a compatibility test with a view to the overriding goal of improving international competitiveness. This does not mean that other – apart from anything else repressive – forms of state activity (for example, cyberspace surveillance, restrictive immigration controls, and fighting crime) were not considered important or even more important (Kannankulam 2008: 308ff). Political discourse took its bearings from the overriding ideal of a »lean« competitive state, however, that concentrates primarily on its core competences – guaranteeing property rights, enabling and promoting competition, and organizing internal and external security – and jettisons unnecessary economic and socio-political »ballast« (Jessop 1993; Hirsch 1998: 28ff).

In the political realm, however, the ideal model of the »lean competitive state« was not an unalloyed success, but also encountered various forms of resistance. Taking into account national differences, the following factors in particular should be mentioned: the persistence of welfare state institutions, corporatist networks and trade union protest, the constraining effect of federal decision-making processes, and the increased costs of welfare due to the employment crisis. Consequently, the overall picture of the 1980s and 1990s is, at the very least, ambivalent. On the one hand, a competition-oriented dynamic of change is clearly discernible in terms of the fight against inflation, the reduction of business taxation, and labor market and social system reforms, as well as privatization and the rolling back of the state (Dräger 2004). In many countries, for

Table 1  
Development of the Ratio of Government Expenditure to GDP  
(Government Expenditure as a Percentage of GDP)

<i>Year</i>	<i>Germany</i>	<i>Great Britain</i>	<i>Sweden*</i>
1970	38.2	42.0	43.3
1975	48.5	49.1	48.9
1980	46.6	47.6	61.6
1985	44.9	48.7	59.9
1986	44.2	44.6	58.3
1987	44.8	43.0	54.6
1988	44.9	40.3	54.8
1989	42.8	39.7	55.1
1990	43.4	41.1	59.7
1991	46.3	42.7	61.1
1992	47.2	45.0	69.3
1993	48.2	45.0	71.7
1994	47.9	44.4	69.6
1995	48.3	43.9	65.2
1996	49.3	42.3	62.9
1997	48.4	40.5	60.8
1998	48.0	39.5	59.0
1999	48.1	38.9	58.4
2000	45.1	36.8	55.6
2001	47.6	40.1	55.6
2002	48.1	41.0	56.5
2003	48.5	42.0	56.7
2004	47.1	42.9	55.3
2005	46.8	44.1	55.0
2006	45.3	44.2	54.0
2007	44.2	44.0	52.5
2008	43.9	47.7	53.1
2009	48.2	50.5	56.6
2010	49.0	52.4	57.3

*Notes:* For Sweden up to 1993 OECD Economic Outlook No. 40 (1986), No. 68 (2000).

*Source:* European Commission (2009: 174f).

example, the criteria for claiming social benefits were made more restrictive and labor markets were partly deregulated. On the other hand, there was a yawning gap between the professed demand to slim down and practical politics. Only rarely was it possible to implement the process of rolling back the state or privatization according to plan. The crisis at the beginning of the 1990s in particular – exacerbated in Germany by the cost of unification (cf. Bieling 2008: 542ff) – brought home to governments that reducing the so-called »Staatsquote«, or ratio of government expenditures to gross domestic product (GDP), depends very much on the economic cycle (Table 1).

Since the mid-1990s, the process of rolling back the state has accelerated, particularly in the continental European countries (Bofinger 2008; Kohlnhöfer et al. 2008: 97ff), although the ideal model of the »lean competitive state« has gradually receded. The causes of this development were complex. Three factors were of particular significance, however:

1. In the course of the 1990s, the consequences of intensified European integration made themselves felt (Bieling et al. 2008). For example, within the framework of efforts to deepen the EU internal market many infrastructural services – for example, postal services, telecommunications, railways, and gas and electricity – were liberalized and, partly, privatized. Although the EU did not go as far as prescribing privatization, it did suggest it to the extent that, in the internal market, distortions of competition due to state action were supposed to be halted and state budgets consolidated for the purpose of the Economic and Monetary Union (EMU).
2. From the second half of the 1990s, financial market dynamics, compounded by the integration process, increased the willingness of national governments to privatize state-owned companies. Rising share prices and the proceeds of privatization were positively related. While the expectation of rising market values encouraged governments – in particular, finance ministers – to engage in privatization, for its part privatization helped to mobilize additional capital and to drive share prices upwards.
3. Finally, in parallel with the first two factors, a new crisis discourse unfolded, which identified – notwithstanding all the liberalization, deregulation, and privatization measures – an ongoing »reform bottleneck.« This, it was constantly argued, was primarily because the revitalization of the economy required not so much a »lean« state, drawing itself back across the board, but an »activating« state.

The new ideal model of the »activating state« came to prominence not least due to the work of British sociologist Anthony Giddens (1994: 174ff). However, in other countries, too, a number of theorists (Bandemer et al. 1995; Blanke/Bandemer 1999; Green-Petersen et al. 2001) under the sway of Third Way social democracy had taken a positive stance towards the ideal model of the »activating state.« In national and European political debates – for example, in the context of the European Employment Strategy – the advocates of the »activating state« referred repeatedly to the economic, social, and labor market policy reform processes in Denmark, Great Britain, and the Netherlands. To some extent, these countries were characterized as models, which other countries should take as an example. Aside from a few minor differences, the protagonists of the »activating state« agreed that it should be oriented – in accordance with the new slogan of the »Third Way« – towards the further mobilization of social productivity by means of cooperative behavioral management of the population and market actors, superseding the old ideal models of the Keynesian welfare state on the one hand, and the minimal or lean competitive state on the other. This could be achieved by, among other things, extending and strengthening arenas for cooperative dialogue and negotiation between state and civil society actors; redefining the social provisions to be made by state and private actors; and not least by a reallocation of political responsibilities – in other words, by uprating civil engagement and state encouragement of self-responsibility.

### From the »Provider State« to the »Guarantor State«

From the end of the 1990s, finally, another ideal model crystallized in the form of the »guarantor« or »ensuring« state, which emphasizes and makes more specific the functioning of the »activating state« on a number of important points with a view to rolling back the state and administrative modernization. The ideal model of the »guarantor« state implies that the old »positive« or »provider« state, which continued to organize the public infrastructure itself, is no longer up to the challenges of a modernized economic order, which is much more accommodating to private enterprise and dynamic market forces. In order to harness the potential of economic productivity, the argument continues, it would be much better if the provision of public benefits in many areas were in future to be carried out by private companies, with the state continuing to per-

form the task of ensuring comprehensive supply, adequate quality, and fair prices with regard to the services in question. Underlying the ideal model of the guarantor state, then – with a view to reorganizing public services – is the transformation of the state from supply monopolist to supply manager. In keeping with the new division of labor and responsibilities with the private economy the state should henceforth restrict itself to the legal and regulatory enframing and political and administrative control of service provision (Schuppert 2008).

At first sight, the debate about the guarantor state appears – on conceptual grounds alone – to be a particularly German affair, conducted primarily by such theorists as Christoph Reichard, Gunnar Folke Schuppert, and Edgar Grande. On more careful consideration, however, this characterization is not entirely accurate. In the context of the liberalization and privatization of services previously provided by state-owned companies there has been intensive discussion and study, in other countries and by the EU, of the reallocation of state tasks and competences. In contrast to the normative – that is to say, in accordance with what Weber called the »ethics of responsibility« – conception of the guarantor state, for the most part the talk was rather of a much more modest and functionalist »regulatory state« (Majone 1996), whose tasks would encompass, on the one hand, opening up market competition and its regulation, and on the other hand, quality control, by means of which an extensive and high-level minimum provision would be ensured, in compliance with certain criteria.

The ideal model of the »regulatory« or »guarantor« state is closely linked to a policy of »rolling back the state,« which, although hedged in by social policy considerations and certain curbs on competition, is incessant. In this way, the view already propagated by the ideal model of the »lean competitive state« that private provision is inherently superior to state provision was selectively introduced into the public debate by the ideal model of the guarantor state. At the same time, the success and sheer charisma of the ideal model tended to shift the terrain of the political debate. While previously the question was *whether* privatization should take place, within the framework of the »guarantor« approach attention increasingly shifted to *how* that should be done and how it should be regulated; that is, to the conditions and operational implementation of competition and social policy supervision. On top of that, the structural factors favoring the process of rolling back the state – the crisis affecting state finances, the ubiquitous decay of public infrastruc-

ture, European directives on liberalization, and dynamic stock markets – were scarcely queried in the political realm.

### After the »Activating State« and the »Guarantor State,« Are We on the Way towards a »New Interventionist State«?

However, the self-recusal of the state and sweeping acceptance of the unleashing of the forces of competition and privatization do not seem to be setting the political agenda any more. Even before the onset of the economic and financial crisis in 2008, in many countries it had become patently obvious that – entirely in keeping with the »double movement« outlined by Karl Polanyi (1977) – the reforming zeal of market liberalism, which had taken its bearings from the principle of the largely self-regulating market, had been responsible for many negative social effects, which now had to be corrected – in accordance with the principle of social protection – at the political level. Naturally, this change of emphasis of the social-crisis discourse took different forms in individual European countries. While, on the one hand, the critique of the orientation towards market liberal reforms and competition led to demands for »social equalization,« on the other hand, it gave rise to calls for putting more emphasis on national interests. This nationalist or national-conservative orientation characterized public debate in particular in the new Central and East European EU member states (Becker 2006), while in the »old« EU – at least, for a while, for example, in the context of the referenda on the EU Constitutional Treaty – social themes came to the fore.

This became even more pressing due to the fact that, despite the global economic upturn, social problems – in the form of the growing low-wage sector, the precarisation of work, and general deficiencies of provision and infrastructure – had scarcely been ameliorated, and to some extent had even been exacerbated. In any case, in the public debate there was renewed attention to the fact that a large part of the population was not sharing the fruits of the economic upswing. In view of these problems, in Germany and a number of other countries, the political pendulum began to swing in the opposite direction, at least in some respects. The corrections that were implemented did not affect so much tax and finance policy, since the consolidation of the state budget remained a priority – in pursuit of which VAT was to be increased – but primarily labor market and social policy. To give only a few examples: the Harz IV legislation was amended to extend the period of entitlement to unemployment benefit for older

workers; there was at least a partial response to the expanding low-wage sector in the form of negotiations on minimum wages fostered by government policy; and the reform proposals of Family Minister Ursula von der Leyen on raising child benefits, parental benefits, and parental leave, as well as on improving public child care provisions also point in the direction of a revitalization of the welfare state with a view to tempering market liberal economic and labor market policies.

First, the ideal model of the »guarantor state« remained unaffected by these changes in labor market and social policy. This was presumably because it was difficult to address the privatization of infrastructure and public utility companies in the public debate as an overall process, but only in relation to specific projects and so reactively. Eventually, this all changed, however. Bolstered by the dissatisfaction – on the part of both the employees and the customers of the public utility companies – with the results of privatization so far (see also Bieling/Deckwirth 2008: 253ff; Van Geyes et al. 2009), social protest activities have to some extent begun to coalesce. In this context, the view that the »guarantor state« is no longer capable of ensuring comprehensive, reliable, high-quality, and reasonably priced infrastructural services would appear to be spreading.

The current moratorium on privatization – that is, the postponement, even the cancellation of planned stock market flotations, such as that of Deutsche Bahn AG – is to be attributed less to public skepticism concerning privatization than to the mounting economic and financial crisis. In the face of falling stock prices – in other words, diminished proceeds from privatization – stock market flotations can at present no longer be brokered or justified at the political level. In general, the financial market crisis seems to represent a new turning point in the definition of the state's areas of responsibility. Speaking on behalf of many intellectuals – also in other countries – Jürgen Habermas (2008), in an interview with *Die Zeit*, said:

»The agenda that recklessly prioritizes shareholder interests and is indifferent to increasing social inequality, to the emergence of an underclass, to child poverty, a low-wage sector, and so on, has been discredited. With its mania for privatization, this agenda hollows out the core functions of the state, sells off the remnants of a deliberating public sphere to profit-maximizing financial investors, and subordinates culture and education to the interests and moods of sponsors who are dependent on market cycles« (Die Zeit, November 6, 2008).

But it is not only the views of famous intellectuals that have changed. In the face of the financial crisis, the mood of the general public has been transformed, such that state involvement in financial institutions, infrastructure companies, and even large industrial groups is considered necessary by many people and by some as extremely desirable. In addition, governments – in particular in the OECD countries – have exhibited an increased readiness to intervene more strongly in the functioning of the capitalist economy.

1. For example, comprehensive rescue packages – some of them based on international agreements – were adopted in order to stabilize the credit system and containing such elements as direct state participation, sureties, and specific conditions for bank management.
2. Complementary to this an international process for discussion and negotiation has been initiated with the aim of re-regulating the financial markets to some extent, which some have demanded fairly emphatically, urging the creation of a Bretton Woods II.
3. In order to avert the danger of a profound economic crisis, almost without exception countries have introduced economic stimulus packages, the prospects of which are far from certain.

All these activities, finally, are haunted by grim recollections of the fragmentation of the world economy and the profound economic crisis of the 1930s. In order to avoid a similar situation today it is scarcely surprising that theorists, journalists, and politicians are bringing Keynesian ideas and concepts back into the debate.

## **Conclusions and Prospects**

Our remarks so far can be summarized by saying that the process of rolling back the state has passed through several stages. After being aggressively proclaimed as a policy program within the framework of the ideal model of the »lean competitive state,« in practice rolling back the state proceeded very slowly, before picking up speed in the context of the new paradigms of the »activating state« and the »guarantor state.« This transformation of the ideal model of the state was not without significance for the concrete implementation of rolling back the state. Even more important, however, was the fact that in the course of the 1980s and 1990s the conditions of social reproduction had changed with regard to political institutions and political economy, including at the global and European levels. As far as

the politico-institutional conditions are concerned, a sweeping process of state transformation took place, which was characterized by three trends in particular: (i) »denationalization,« in other words, the breaking down of state structures; (ii) the shift from government to governance, in the sense of a de-hierarchization of politics by means of networks; and (iii) the internationalization of policy regimes in terms of the stronger integration of formerly nationally defined policy in international or global regulatory systems (Jessop 2002: 193ff).

The ideal model of the guarantor state was not only in keeping with new forms of cooperation and regulatory guidelines in Europe. It also seemed to satisfy the new demands of the globalized model of politico-economic reproduction. For some time now, there has, with good reason, been talk of a shift in power relations and investment criteria in the economic process itself, with a transition to a »finance-led accumulation regime« (Boyer 2000) or »financial market capitalism« (Windolf 2005). Finally, financial market actors – in particular, institutional investors (insurance companies and investment or pension funds), rating agencies, and investment banks – extended their influence into other areas of the economy via the securities markets. At the same time, in the wake of the privatization and commercialization of public services, the process of democratic control and participation was weakened and – at least to some extent – replaced by parallel power networks, including political advisers, top-level managers, consulting agencies, and financial market actors (shareholders) (Crouch 2008: 119ff).

Whether and how networks of political organization will change again against the background of public criticism of privatization and the financial market and global economic crisis is still unclear. For now, a number of central features of the finance-led accumulation regime and the Anglo-American capitalist model have been called into question. On the one hand, investment banking, the former flagship of the US financial system, has become mired in a deep crisis. The five big investment banks have vanished – at least for the time being – from the stage;<sup>1</sup> and in Europe the all-purpose banks are increasingly reducing their investment banking. On the other hand, the recent changeover in accounting stan-

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1. After the rescue of Bear Stearns by JP Morgan Chase, the insolvency of Lehman Brothers, and the takeover of Merrill Lynch by the Bank of America, in September 2008 even Goldman Sachs and Morgan Stanley decided to convert to normal commercial banks and so to subject themselves to the regulatory authority of the Fed in order to be able to take advantage of supplementary credit from the state.

dards from historical cost accounting to fair value accounting was partly reversed in order to counter the undervaluing of company assets and thereby the danger of excessive indebtedness (Nölke 2008).

These examples, together with the various instruments of ad hoc crisis intervention, show clearly that something is stirring in the crisis of global financial market capitalism. For instance, not only are social power relations changing, but also the forms of state regulation and intervention are being redefined. Finally, it is always necessary, if one views the state with Nicos Poulantzas (1978: 119ff) as the »material condensation« of social power relations – including specific institutional structures and selectivities – to query the social character and purpose of state action.

In most countries, including Germany, the public debate is characterized primarily by two competing ideal models. On the one hand, there are the advocates of the lean competitive state, such as Roland Koch (2008), and Guido Westerwelle (2009), who see the state, in the current crisis situation, as called upon, not to shape the economy but to act as »protector against catastrophe.« Accordingly, the state should concentrate on stabilizing the economy, but only to enable it as soon as possible to withdraw from it again and counter excessive social demands and the politicization of the economic and financial system. On the other hand, the trade unions and socially oriented politicians have sharply criticized this notion of socializing company losses in the current crisis only to press on with the dismantling of the public sector shortly afterwards. Instead, a democratic social investment state has been called for, which, by closing the existing investment gap alone – approximately 75 billion euros in Germany compared to the EU average for public investment and education spending (Truger 2009: 245) – would be able to stimulate the economy and open up new prospects of a democratic, socially integrative, and environmentally sustainable reform policy (Bsirske 2008).

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