



Kent Academic Repository

Azmanova, Albena (2014) *Crisis? Capitalism is Doing Very Well. How is Critical Theory?* Constellations: An International Journal of Critical and Democratic Theory, 21 (3). pp. 351-365. ISSN 1351-0487.

Downloaded from

<https://kar.kent.ac.uk/58796/> The University of Kent's Academic Repository KAR

The version of record is available from

<https://doi.org/10.1111/1467-8675.12101>

This document version

Author's Accepted Manuscript

DOI for this version

Licence for this version

UNSPECIFIED

Additional information

Versions of research works

Versions of Record

If this version is the version of record, it is the same as the published version available on the publisher's web site. Cite as the published version.

Author Accepted Manuscripts

If this document is identified as the Author Accepted Manuscript it is the version after peer review but before type setting, copy editing or publisher branding. Cite as Surname, Initial. (Year) 'Title of article'. To be published in *Title of Journal*, Volume and issue numbers [peer-reviewed accepted version]. Available at: DOI or URL (Accessed: date).

Enquiries

If you have questions about this document contact ResearchSupport@kent.ac.uk. Please include the URL of the record in KAR. If you believe that your, or a third party's rights have been compromised through this document please see our [Take Down policy](https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies) (available from <https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies>).

version accepted for publication in *Constellations* 21 (3) 2014; pp. 351-365.

doi: 10.1111/1467-8675.12101

Crisis? Capitalism is Doing Very Well. How is Critical Theory?

Albena Azmanova

Summary:

Social critique in the late twentieth century has inadvertently given impetus to neo-liberal, flexible, ‘networked’ capitalism – claimed Luc Boltanski and Eve Chiapello in *The New Spirit of Capitalism*. Is Critical Theory in Frankfurt School tradition guilty of such a charge? What are the analytical tools at its disposal for mounting a critique of neoliberal capitalism? After addressing the crisis of capitalism as a distinct object of critique, this article examines the way some of the most valuable achievements of Critical Theory have depleted its resources for a critique of contemporary capitalism. It then offers a model of critique able to target both injustices rooted in the unequal distribution of power (*relational domination*) and those rooted in the operative logic of capital reproduction (*systemic domination*) by focusing attention on the key structural contradictions of contemporary capitalism.

Introduction

There is no crisis of capitalism, only a crisis of critique, Luc Boltanski and Eve Chiapello claimed a decade ago in *The New Spirit of Capitalism*.¹ They had in mind the political failure of the cultural turn in social critique, which had replaced the Marxian focus on the political economy of exploitation with a focus on the cultural logic of dehumanization – a shift which, they claimed, has given impetus to neo-liberal, flexible, ‘networked’ capitalism in the late twentieth century. To accept this charge would mean admitting that critical social theory, in the course of the twentieth century, has travelled the road from irreverence to irrelevance. Has it? Critical Theory² does stand guilty of a failure to develop a body of valiant critique of the political economy of neoliberal capitalism in the course of the latter’s ascent in the 1980s and 1990s.

Critical social theory in that period underwent a ‘democratic turn’ – a shift from a critique of capitalism to a critique of the culturally and socially complex democracies of the late twentieth century. A direct engagement with a critique of neoliberal capitalism during its ‘golden’ decades was, effectively, missing, which corroborates the charge that the weakness of critique in that period has facilitated, if not fuelled, neoliberal capitalism. Yet, I will argue that critical social theory of Frankfurt School origin possesses the requisite means for a return to a direct engagement with a critique of capitalism. To survey this potential and articulate the prolegomena of such a critique, I propose to examine and recast some of the parameters of critical theory in the Frankfurt School tradition. I will argue that the depleted resources for a direct affront on the socioeconomic dynamics of contemporary capitalism is not due to the eclipsing of a Marxian focus on the political economy of exploitation by concerns with the cultural logic of

dehumanization – as per Boltanski and Chiapello’s diagnosis of the general failure of critique in the late twentieth century. In the case of critical social theory of Frankfurt School pedigree, I shall contend, the failure is rooted in the gradual disconnecting of the critique of inequalities and exclusion (what I shall describe as ‘relational domination’), on the one hand, and of alienation and dehumanization (‘systemic domination’), on the other, from a critique of the political economy of capitalism. This confines the relevance of the latter mainly to issues of exploitation and class struggle. The revival of critical theory’s capacity to engage in a critique of contemporary capitalism therefore emerges as a matter of re-constituting a synthesis between the critique of relational domination and critique of systemic domination by way of bringing the critique of political economy back in.

The first part of my analysis addresses the crisis of capitalism as a distinct object of critique, in order to identify the direction a critique of contemporary capitalism is to take. The second part examines the analytical equipment at Critical Theory’s disposal for undertaking such an endeavor. Within an inventory of some of the key achievements of the tradition both in terms of its object and method of critique, some conceptual deficiencies are identified – namely, the reduced attention to what I describe as “systemic domination,” and the diminished reliance on a critique of the political economy of capitalism. The third part adumbrates a proposal for recasting Critical Theory by way of (a) redefining the normative content of emancipation; (b) effecting a realist-pragmatic turn within the communicative turn; (c) bringing the critique of political economy back into critical social theory.

I. On Capitalism's Good Health

The return of attention to the dynamics of capitalism – a notion that had fallen into oblivion, if not in disrepute, in the late twentieth century – has been prompted by the discourses on the crisis of capitalism that emerged in the course of the spreading economic downturn that the financial meltdown of 2007–2008 triggered. In the background of unfolding popular protest – from the Spanish indignados³ to the spreading Occupy movements and anti-austerity protests in Europe – The Financial Times ran a series titled “Capitalism in Crisis.”⁴ These are discourses not about the common cyclical economic crises on which capitalism thrives, but pronouncements of a fatal, terminal condition – of capitalism on its deathbed.

What narratives about the current crisis of capitalism tell us, however, is simply that the financialization of the economy in the early twenty-first century has created a crisis for capitalism (difficulties that capitalism overcomes, such as shortage of liquidity). Yet, these difficulties have not hampered the operative logic of capitalism – that is, the maximization of profit via the production of surplus value, based on an ever-expanding commodification of land, labor, money, knowledge, and more recently – risk.⁵ Neither have these difficulties, and the social misery they have inflicted, triggered a crisis of the legitimacy of the system. Tellingly, a slogan of the Spanish indignados repined: “We are not against the system but the system is against us.”⁶ This vented frustrations with the poor performance of the system, while at the same time issuing a call for fixing it, making it more inclusive and performative, rather than calling for its overthrow due to defunct legitimacy.

More importantly still, notwithstanding the global popular protest against capitalism, we are not witnessing the emergence of a broad cross-ideological coalition of forces mobilizing to protect society from the free market, similar to the one Karl Polanyi had observed to be taking shape in the early twentieth century as a result of the crisis of the nineteenth-century liberal model of capitalism.⁷ At that time, European conservatism and socialism came to a consensus on the need to constrain markets, a consensus on which the post-war welfare states were built. Instead, we now have governments, irrespective of their ideological allegiance, running to the rescue of financial capital and big business, and implementing austerity programs to reassure capital markets, while society bears this with relative equanimity, as such measures are believed unavoidable. Consequently, exactly the means deployed to counter the economic crisis have further consolidated neoliberal capitalism, as the sovereign debt crisis (into which the economic meltdown crystallized) is being tackled uniformly by further privatization and deregulation of the economy, as well as by slashing social insurance.

If there is no crisis of capitalism, there is no need for a theory of such crisis – such a theory would be without an object. What is needed, instead, is a critique of contemporary capitalism (at least) in two respects. First, in respect of its capacity to impose its operative logic over that of democratic decision-making and, as Nancy Fraser has observed, to co-opt the emancipatory politics of the Left for its purposes.⁸ How is it that democratic publics, in the midst of the most severe social and economic crises since WWII, fail to articulate a quest for an alternative model of wellbeing, and are instead demanding the consolidation of neoliberal capitalism, even as they are protesting the social costs of that consolidation?

Second, we need a diagnosis of the key antinomies of contemporary capitalism⁹ and the generalized social harm these antinomies generate (beyond rising inequality and financial instability), in order to discern an emancipatory potential surpassing the twin palliatives of moral indignation and remedial social policy (from redistribution to retraining). Critique that reduces normative exigencies of justice to conflicts of interest is prone to the fallacy of addressing the symptoms, rather than the roots, of the social affliction. What is needed, instead, is a historically situated diagnosis of the generalized social harm (beyond power asymmetries and status hierarchies related to class, ethnicity, gender, etc.) engendered by the operative dynamics of contemporary capitalism. This would enable, in turn, the formulation of a positive agenda of social reform. How well equipped is Critical Theory to undertake such an endeavour? I next turn to some analytical tools and techniques for addressing the dynamics of contemporary capitalism from within a critical social theory perspective.

II. Critical Theory: Hampered by its Success?

My investigation focuses on critical theory of Frankfurt School descent, and especially on the dominant strand that has consolidated around Jurgen Habermas's reconstitution of the tradition around his theory of communicative action and discourse ethics. The communicative turn in Critical Theory and the models of deliberative politics it has engendered enabled a trenchant analysis of post-WWII bureaucratic, state-managed, corporatist capitalism as it took shape in the framework of the welfare state. Furthermore, by discerning the emancipatory power of the public sphere of civil society as a contestatory communicative space, it has continually provided the conceptual

territory on which the empowerment of subjugated minorities has been pursued by social movements since the 1970s. This placed critical theory of Frankfurt School origin in the avant-garde of struggles for emancipation in an era when state-managed, corporate capitalism disempowered not only disadvantaged minorities, but also the very citizens it supposedly protected. The concept of a free public sphere and active civil society was an inspiration in the struggles against the oppressive communist regimes in Eastern Europe as well.¹⁰ Nowadays, deliberative democracy has become a paragon of progressive politics and forms of deliberative democracy are being implemented in actual policy-making from the U.S. to China.

However, these achievements have come at a cost. Being part of the broader cultural/hermeneutic turn in social critique, the communicative turn in Critical Theory effectively directed attention away from the political economy of capitalism, thus disabling analysis of the socio-structural logic of neoliberal capitalism that took shape in the late twentieth century. With this, Critical Theory seems to have become unwittingly complicit to the general failure of critique, which Boltanski and Chiapello ascertained, thereby contributing to the unfailingly excellent health of capitalism.

Paradoxically, it is two of the main achievements of Critical Theory that combine to inhibit its capacity for a critique of contemporary capitalism. These achievements concern (1) the object of critique, and (2) the dominant method of social criticism. I will address them in turn.

The Object of Emancipatory Critique: Relational versus Systemic Domination

Critical Theory inherited from Marx and Lukacs a critique of power that ran along two inter-connected, but analytically distinct dimensions, which I name ‘relational’ and ‘systemic’ dimensions of domination.¹¹ The relational dimension concerns the unequal distribution of economic and political resources among actors, entailing the domination of some human beings by others. Injustice, from this perspective, stands in terms of power asymmetries; its remedy would necessitate equalization of power relations. Marx introduced this dimension in his analysis of the exploitation of wage labor as a matter of capitalists’ power to extract surplus value from the labor of the working class – power resorting from an asymmetrical distribution of control over the means of production between capital and labor. Importantly, analysis is focused on the underlying generative framework of social structures that create class disadvantage, not simply on the inequalities that give it expression. This attention to structural dynamics underlying the asymmetrical distribution of power allows the articulation of a radical policy platform that aims at eliminating class differentiation rather than simply improving the lot of the working class.¹² This strand of critique would be expanded later to target disparities in the distribution of life-chances among social actors based not only on class, but also on ethnicity, gender, sexual orientation and other forms of socially significant patterns of difference.

In contrast, the systemic dimension of domination concerns the production of a generalized social harm beyond the unequal distribution of social advantage and disadvantage: it targets the constitution of social status itself; not how valued goods (wealth, power, identity recognition) are distributed, but what is being distributed and

how it is generated. In the *Dialectic of Enlightenment* (1947) Horkheimer and Adorno refer to this dimension as the ‘domination of nature within human beings’ (in contrast to domination of nature by human beings and domination of some human beings by others). Here injustice emerges in terms of individuals’ subjection to the functional imperatives of the socioeconomic system (be it of capitalism or of communism).

Marx introduced this trajectory of domination in his analyses of alienation and of commodity fetishism: while the commodification of labor is enabled by the inequality of power between capital and labor (and pertains to the realm of relational domination), this process itself is rooted in larger structural dynamics whose impact is suffered by all members of society, not only the working class. The alienation thesis applies to all those engaged in the process of economic and cultural (re)production of society – a process dominated by a logic of commodity fetishism in which social relations between people become petrified, reified, taking ‘the fantastic form of a relation between things’ – autonomous entities endowed with a life of their own, having the power to thus perpetuate the system of social relations that produced them.¹³ Here the emancipatory goals are not constrained to the eradication of class divisions, and analysis does not hinge on the labor theory of value that underlies the critique of exploitation, but on what Marx conceptualized more generally as the ‘law of value’ – the socially necessary human working time.¹⁴ This allows critique to aim not simply at the emancipation of wage labor from the injustice of exploitation, but more significantly of humanity from the productivist imperatives of capitalism as a social order subjected to the law of value.

The positioning of the relational power capitalism holds over labor within the larger systemic dynamics of the production of value allows Georg Lukacs to later ‘bring

this totalizing dimension to the fore in his analysis of the reification of social relations as a particular form of alienation. In his diagnosis, as commodity exchange has become the central organizing principle for all sectors of society in the early twentieth century, commodity fetishism comes to permeate all social institutions (e.g., law, administration, journalism, academic life).¹⁵

It is important to clarify the conceptual matrix within which critique of systemic domination has been positioned in order to trace the subsequent erosion of the capacity for articulating a critique of neoliberal capitalism. This conceptual matrix, crafted by the first generation of Frankfurt School authors, is the critique of ideology (Ideologiekritik)—that is, a critique of particular modes of consciousness in specific historical contexts of social injustice in which the constructs of false or distorted consciousness (suffered by all actors) are the product of the modern capitalist socioeconomic system and serve to maintain and reproduce it.¹⁶

Within this conceptual matrix empirical instances of suffering – such as inequality and exclusion – serve as an entry point of critique. Analysis aims to identify the structural causes of suffering – relations of domination (Herrschaft) understood as illegitimate, ‘surplus’ repression, or oppression.¹⁷ Significantly, however, illegitimate forms of frustration are perceived in categories of social relations that enable the reproduction of capitalism as a social order. In other words, ‘surplus repression’ is not simply a matter of unequal distribution of power (a relational aspect of domination); it is ultimately rooted in the operative logic of the reproduction of capitalism as a social order – a systemic dimension of domination. Ideologiekritik thus proceeds as a theorizing of

the relations between forms of consciousness and the larger socio-structural dynamics that shape them.

The recasting of social criticism in the categories of *Ideologiekritiek* might appear as a turn towards what Boltanski calls ‘artistic critique’ aimed at individual freedom, rather than an engagement with a critique of the political economy of capitalism aiming at a classless society. Indeed, examples such as Adorno’s formulation of the goals of critique as enabling the subject “to break through the fallacy of constitutive subjectivity”,¹⁸ the lengthy exchanges between Bloch and Lukacs over expressionism and the former’s endorsement of ‘metaphysics of hope’,¹⁹ Adorno’s lifelong commitment to the elaboration of a political aesthetic, not least via critique of modern music,²⁰ etc., might be taken as instances of replacing the Marxian focus on the political economy of capitalism with a focus on what Boltanski describes as the humanistic concerns of ‘artistic critique.’

However, for the first generation of Frankfurt authors, the critical effort invariably remained both focused on systemic domination (rather than on inequalities of power, or ‘relational domination’), and retained a connection to a critique of the political economy of capitalism. As Andrew Arato has observed, for these authors, political economy was “the ultimate object and terrain of the critical enterprise.”²¹ The analyses Adorno, Horkheimer, and Marcuse conducted of the culture industry and the consumer society indeed address pathologies in the sphere of culture, but these pathologies are unfailingly traced to the operative logic of capitalism – as works of art, and the artistic creativity itself, are infected by the imperatives of exchange relationships in the dynamics of production and consumption of cultural artifacts.²² Walter Benjamin,

especially in his 'Arcades' project, expands the critique of commodification into a broader critique of the modern age – an age constituted, in his diagnosis, by the “commodification of all things.”²³

This amounts not to a substitution of a Marxian critique of the political economy of capitalism by a cultural critique of modernity, but to the application of the former to the latter: as per Adorno and Horkheimer's verdict in the *Dialectic of Enlightenment*, the engine driving Enlightenment's Reason to irrationality is the ever-expanding capitalist economy, spurred by scientific research and engaging the latest technologies. Within their hypothesis, the root cause for the failing emancipatory promise of the Enlightenment lies in the way capitalist relations of production have come to dominate society as a whole, as the production of exchange values for the sake of producing exchange values has issued an “exchange society” (*Tauschgesellschaft*).²⁴ The critique of the culture industry thus contains a powerful critique of the economic logic of systemic domination in which the Marxian analysis of commodification (which had initiated the critique of systemic domination) is sharpened. to reveal the roots of systemic domination. This root is not the dynamics of commodity production (which is predicated on the relational injustice of exploitation), but the power of the fetishized commodity to produce consciousness (in this sense Adorno juxtaposes ‘genuine’ and ‘fetishized’ commodity”).²⁵ Thus, it is not commodification itself, but the fetishization fostered by the culture-industrial hyper-commercialization that, by obliterating the relative alignment between use value and exchange value, effects a historic shift in the social function of all commodities and therefore in the nature of capitalism itself.²⁶

Significantly, the detrimental effect of systemic domination is not the accumulation of power and the growth of inequalities – these are instances of relational domination, which are a separate concern – but a world deprived of agency in the sense of capacity for rational determination of goals, despite the purported primacy of the subject in capitalist democracies (primacy ensured by the imperative of efficiency driving the economy and the state).²⁷

This critique of systemic domination over individuals, fostered by the instrumental rationalization of all spheres of human activity, finds its subsequent reformulation in Habermas's diagnosis of the colonization of the lifeworld by the economic and political systems, in his two-volume *Theory of Communicative Action* (1981). In this re-iteration of the critique of systemic domination, the instrumental rationality of bureaucracies and market-forces penetrates into the lifeworld, meant to be the locus of interaction oriented to mutual understanding rather than to profit and power. While here Habermas challenges the Marxist focus on alienated labor as the determining factor of oppression, he enlarges the conceptual range of the logic of alienation (as 'unfreedom'), altogether remaining within a Marxian analytical framework. As Habermas himself admits, his lifeworld–system dichotomy aligns with the distinction Marx drew between a "realm of necessity" and a "realm of freedom."²⁸ Maintaining the analytical focus on the structural dynamics (processes and practices) that produce inequalities would later permit Axel Honneth to conceptualize 'social freedom' (in contrast to the autonomy of the individual) as freedom realized together with others – a concept that operates on the level of critique of systemic domination.²⁹

Within the conceptual matrix of neo-Marxian critique, as elaborated by the first generation of Frankfurt School authors, relational and systemic parameters of domination were invariably connected to the structural dynamics of capitalism and analysis involved a critique of the political economy, thereby enabling an understanding of the institutionalized production (not just distribution) of power and wealth. However, critical social theory in the second half of the twentieth century underwent a transformation. As social movements focused attention on relational forms of injustice (with the proliferation of stratified difference and the intensification of demands for recognition of collective identities), analyses of discrimination and exclusion gained autonomy from the critique of systemic domination related to the operative logic of democratic capitalism. In turn, critique of the political economy of capitalism was relegated to analyses of the situation of the working class – focusing on the injustices of exploitation, inequality and misery, directly rooted in economic conditions. Note, however, that in this format, the critique of the political economy is focused on the ‘relational’ logic of economic inequalities and exclusion, rather than on the ‘systemic’ logic of ever spreading commodity fetishism and reification of social relations.

This shift in what are considered to be valid concerns of social critique paralleled a shift in the priorities of political mobilization. The political struggle of the Left in the late twentieth century has predominantly targeted the relational dimension of domination: intellectually and politically, the critical enterprise came to be directed against disparities in social status, political voice and access to resources. It has therefore sought to eliminate status hierarchies, economic inequality, and political subordination in order to ensure equal participation in social life via recognition, redistribution, and

representation – as Nancy Fraser has spelled out the comprehensive agenda of justice for our times.³⁰ Thus, power asymmetries were identified to be the source of social suffering and the remedy as equalization of power relations. Emancipation, from this perspective, stands in terms of participatory parity.

Analyses of civil society mobilization, of which Andrew Arato and Jean Cohen's work is exemplary, chart one of the major trajectories of critique of relational domination. The contestation of unequal power relations takes place in the public sphere as distinct both from that of the economy and the state and aims primarily at political equality and inclusion as constitutive features of democratic citizenship.

Another trajectory of critique of relational domination is delineated by the “recognition-or-redistribution” debate between Axel Honneth and Nancy Fraser, which spans cultural and economic forms of injustice. Tellingly, both issues of cultural and economic injustice are approached as a matter of redistribution of resources (be it material resources, opportunities for social advancement, or identity recognition) which remain outside the remit of systemic domination caused by the operative logic of capitalism. Thus, even transformative (in contrast to affirmative) redistributive policy measures are endorsed for their remedial function – they aim to diffuse class differentiation³¹ without altogether endangering the operative logic of capitalist social relations. In other words, remedial policy measures offset, but do not eliminate, the stratificatory dynamics of the production of social life. However, even when the extraction of surplus value (necessary for the cumulative dynamics of capital growth) is diffused, as is the case in advanced post-industrial societies, this does not defy the very operative logic of the production of surplus value. This is not only constitutive of the

material process of capital reproduction, but also of the attribution of social value to activities and identities. As the contemporary modus of knowledge-based capitalism and shareholder democracy has made it plain, the diffusion of class not only does not impede capitalism, but actually fuels it by subjecting more actors, and ever more firmly, to the operative logic of the ‘law of value.’ This process is at work even as transformative remedies for distributive injustice, combined with changes in the nature of the process of social reproduction, effectively blur class differentiation.³²

Critique of relational domination is by all means a very important perspective of critique. However, as it aims to eradicate inequality within a given model of wellbeing, it diverts attention away from what might be wrong with the very model of wellbeing, beyond inequalities in the distribution of life chances. For instance, while feminists fought for obtaining parity with men via full inclusion of women in the workforce, few of them questioned the nature of the socio-economic model within which they aspired to parity. Thus, flexible capitalism cunningly co-opted the agenda of inclusion for the purposes of expanding its sphere of operation.

My point is that the urgent focus social movements in the late twentieth century placed on power asymmetries has obliterated the systemic dimension of domination: a dimension related not so much to the distribution, but to the socio-structural generation of social harm rooted in the very political economy of democratic capitalism. This is the first path along which Critical Theory, as a result of its democratic turn, has diminished its resources for systemic critique of capitalism. It might be that democracy is constitutively prone to being sensitive to what I have described as ‘relational’ forms of injustice and overlooks the ‘systemic’ ones. To the extent that equality of citizenship is

democracy's constitutive principle (which is a matter of equal distribution of membership), democratic theory is naturally attuned to target inequalities and exclusions, rather than scrutinize the operative logic of the social system within which democracies are embedded.

On the Method of Emancipatory Critique

Systemic domination, which had been the principal object of critique for the first generation of Frankfurt School authors, retained its central status in Habermas's thesis of the colonization of the lifeworld by the expansive instrumental rationality of the systems of economic production and political administration (as discussed above). While this allowed the Marxian critique of the economic dynamics of capital reproduction to transform into a comprehensive critique of modernity (thus making it applicable also to the context of east European state socialism), this move has weakened the critique of capitalism. The reason for this depletion of the analytical means for critique of capitalism has to do with the method of emancipatory criticism. Habermas abandons the critique of the political economy in favor of discourse ethics under the hypothesis that the key to emancipation lies in communication – in free moral discourses between individuals and deliberative discourses amongst equal citizens. Significantly, the remedy he proposes for combating systemic domination is of a relational nature: it consists in not allowing inequalities of power and resources to affect citizens' collective opinion- and will-formation. Similarly, Axel Honneth describes the manifestations of "social freedom" in the terms of relational non-domination (i.e. equality) as displayed in close personal relationships, in the process of democratic decision-making, and in market

economy actions.³³ It is not through a critique of the political economy of capitalism, but via the analytical means of normative political philosophy, that the emancipatory exit emerges: “economic actors must have recognized each other as members of a cooperative society before they can mutually grant the right to individual utility maximization in the market to each other.”³⁴ I will address the implications of this shift of method later in this section; let me now retain attention on the logic behind the recasting of social criticism away from the critique of the political economy of capitalism.

The marginalization of the critique of political economy within critical social theory had begun to take place earlier, in the debates among the first generation of Frankfurt School authors. As they positioned the critique of systemic domination on the plane of culture (as in the analyses of the culture industry and mass consumerism), they altered the status of economic analysis while altogether upholding the relevance of the economic dynamics of capitalist reproduction as a source of the malaise. Thus, Adorno reduced the Marxian critique of the political economy of capitalism, as an emancipation-orientated analysis of institutionalized practices of social reproduction, to an analysis of economic production. He charged that Marx’s call for changing, rather than simply interpreting the world, was equivalent to endorsing an “arch-bourgeois . . . programme of an absolute control of nature.”³⁵ His accusation that Marx and Engels saw the revolution as “one of economic conditions in society as a whole”³⁶ betrays neglect of the centrality of social relations in Marx’s critique of the political economy – social relations that take specific shape in the process of the production of material life, but are not reducible to the economic process of production itself.³⁷

Also guilty of the fallacy of reducing the critique of political economy to a critique of man's economic domination of nature is Marcuse: in *One-Dimensional Man*, his critique of capitalism dissolves into critique of technological modernity. While Marx spoke of economic dynamics in terms of their impact on social relations, Marcuse here focuses on the detrimental impact of human beings' economic action on their ecological environment. More importantly still, while Marx had decried the economic dynamics of capital reproduction for subjecting social relations to the imperatives of the 'law of value,' thus maintaining a focus on systemic domination, vested in the type of social practices the pursuit of profit engenders, Marcuse identifies the harm in terms of relational forms of domination. He speaks of the interlocked evils of "the domination of nature" and 'the domination of man.'³⁸ The close parallel between the domination of man and the domination of nature omits what was for Marx the previously focal interest in historically specific forms of social practice that embody the systemic imperatives of capital reproduction.

The movement away from a critique of the political economy of capitalism, and the focusing of attention on relational, rather than systemic forms of domination, is complete in Axel Honneth's reformulation of the concept of reification – a concept that had originally initiated the critique of systemic domination. While in the version elaborated by Marx and Lukacs, reification ' is an effect of the particular structural operation of capitalism (i.e., the way the law of value generates social practices), Honneth attributes all forms of reification to pathologies of intersubjectively based struggles for recognition, thus subsuming systemic domination into relational injustice.³⁹

Let me now address more closely on the deficiencies (in terms of capacity for critique of capitalism) of one of the most widely celebrated accomplishments of Critical Theory – the communicative turn Habermas undertook sometime in the 1960s and the models of deliberative politics this turn engendered. There were excellent reasons for the communicative turn and the birth of discourse ethics. To counter the negative prognosis of the totalizing rationality of modernity, be it in the shape of models of capitalism or the state socialism that gave it an alternative incarnation, critical theorists turned to the emancipatory resources of democracy. However, in order to be plausible, democratic theory needed to answer the question: How can we be sure that norms accepted by the democratic publics are also just? The Frankfurt School’s fundamental concerns with false consciousness does not allow it to make an easy pledge to the good will of democratic publics. The tension between the acceptability of norms as just and their empirical acceptance is a long-running theme in Critical Theory, as well as a major point of contention with other philosophical traditions.⁴⁰ Habermas has proposed to resolve this tension with what has come to be known as the communicative turn in Critical Theory.

The idea is that properly structured communication—freed from the distortions incurred by power, money, and ideology (what Habermas describes as the ‘ideal speech situation’)—can lead us to a rationally demonstrable universal interest, thus disclosing the moral point of view, validating norms and rules as being acceptable (just), rather than being simply accepted as binding.

However, with the advent of the communicative turn, the perspective on normative judgment alters: normative validity hinges on the conviction that individuals’

freedom is dependent upon the state of communicative relations, not on the state of the political economy, as in the Frankfurt School's original version of critique. The goal of democratic theory, therefore, changes: it is to point to ways in which communicative relations constitute a medium of interaction free from domination, while communicative freedom is modelled on intersubjective speech.

Although such recasting of Critical Theory has enabled analysis of the way liberal democracy might fall short of its promise of inclusion, of giving citizens equal voice, this comes at a price paid in three instalments. First, Critical Theory has moved too far in the direction of an ahistorical, felicitous moral anthropology, disconnecting itself from its original engagement with critique of the political economy of modern societies and with structurally shaped forms of consciousness (i.e. ideologies). As Maeve Cooke has observed, the concept of ideology as distorted consciousness that serves to maintain and reproduce the modern capitalist socioeconomic system has fallen into disrepute in the Frankfurt School tradition of critical social theory for which it once had been foundational.⁴¹

Second, the efforts at clarifying the vantage point of critique have redefined the critical enterprise. Critical Theory journeyed from critique of capitalism, as it was originally conceived, to the provision of regulatory ideals for society, ideals of social forms to which society can aspire. The vantage point of the 'ideal speech situation' serves to articulate a normative consensus – it is by definition blind to the emancipatory resources of conflicts embedded within concrete power dynamics. This diminishes the rigor of social criticism as, while it is directed towards normative agreement, it cannot access the emancipatory potential of existing contradictions. Such access had been

possible via the application of a Marxian dialectical materialism to the analysis of contradictions latent in the historically concrete patterns of social practice.

Thirdly, the need to secure the justice of democratically established norms against the contamination of partial interests, ideological biases and power asymmetries invited demanding external safeguards such as the ‘ideal speech situation’ – a situation of perfectly free, fully informed, and thoroughly considered judgment in the processes of unlimited discussion that enables, counterfactually, an access to the moral point of view. This has infused an overdose of ideal theory into social critique (a foible not only of critical theory).⁴² This increased presence of ideal theory confronted Critical Theory, as well as democratic theory in general, with what I have called ‘the paradox of judgment’⁴³: This paradox concerns the tension between political realism and normative stringency that haunts social critique. On the one hand, the higher we set our normative standards, the more we lose grip on political reality at the cost of our capacity to address the urgent issues of the day. If, however, on the other hand we weaken the stringency of our normative criteria, we enhance the political relevance of the model only at the expense of its critical potential. By offering powerful regulatory ideals, Critical Theory did effectively secure the emancipatory point of view, but this came at the cost of its capacity to engage with a specific socio-historical critique of capitalism and discern the emancipatory dynamics of conflicts. Thus, the communicative turn strengthened the democratic credentials of the tradition at the expense of its political relevance.

The shift away from the political economy of systemic domination (within a critique of capitalism) that had started with Adorno, Marcuse, Horkheimer and Bloch was then completed by Habermas and Honneth. This has depleted Critical Theory’s

resources for a direct engagement with the socio-structural dynamics of neoliberal capitalism. Paradoxically, it is thus two of Critical Theory's most valuable achievements – the radical critique of the proliferation of power asymmetries in the late twentieth century, and the theory of deliberative politics as an emancipatory tool – that have diminished its sensitivity to forms of domination generated by the political economy of contemporary capitalism. This calls for restocking the instrumentarium of analysis so as to allow us to read in the failing promises and unresolved paradoxes of democratic capitalism⁴⁴ the deeper sociostructural contradictions that, as per Marx's and Adorno's dialectical method, are simultaneously the sources of social harm and of emancipation from it.

A return to a more direct analysis of capitalism within critical social theory has already begun. Nancy Fraser and Luc Boltanski have recently formulated critiques of capitalism which attempt to facilitate social action by identifying points of fracture in today's capitalistic fabric.⁴⁵ Axel Honneth has also recently turned his attention to the necessary, but missing action norms of the lifeworld on which the market mechanism depends for its operation and its legitimacy.⁴⁶ (It is telling that Fraser and Honneth engage intellectual resources outside of the critical theory tradition – in the work of Polanyi and Durkheim, respectively.) Claus Offe and Wolfgang Streeck have begun to reconceptualize in recent writing the impact of capitalism on democracy.⁴⁷ As part of this renewed attention to the political economy of capitalism, I will now make two suggestions for addressing the deficiencies of critique I identified in the preceding analysis – namely, the reduced attention to the systemic dimension of domination, and the diminished reliance on a critique of the political economy of capitalism.

III. Trajectories of Renewal

I will now make three points by way of a proposal for recasting Critical Theory, namely – (1) to redefine the normative content of emancipation; (2) effect a realistpragmatic turn within the communicative turn; and (3) bring the critique of political economy back into critical social theory.

Redefining the Normative Content of Emancipation

My first proposal is to redefine the object of critique and reformulate, accordingly, the normative content of emancipation. Social criticism is not just a matter of continually contesting binding norms and political rules, but above all a matter of disclosing the sociostructural sources of injustice. Let us recall that the kernel of the critical agenda as specified already by the first generation of Frankfurt School authors is not so much the pursuit of a just social order, but rather the uncovering by means of critique, and the elimination by means of political action, of historically specific socio-structural sources of injustice. The normative goal of critique, therefore, is not so much the production of a societal consensus over principles of justice codified as rights, but the unveiling and elimination of socio-historical patterns of injustice. Emancipation, not justice, is the urgent job of critique. Where does that leave the normative standards of justice? This brings us to the status of ideal theory in social critique.

My allegation that the extra dose of ideal theory has diminished Critical Theory's critical edge does not imply that normative ideals are out of place – only that the essential normative benchmarks for testing the validity of rules and norms (such as the freedom

and equality of participants) cannot be transposed on to the process of justification. This means that the articulation of normative guidelines (for instance, via an analysis of the ideal presuppositions enabling unbiased deliberation as in the technique of the ‘ideal speech situation’) cannot be directly operationalized into empirical strategies of emancipation through deliberation. Otherwise the argument is doomed to be circular: if our deliberative practices were indeed free of power asymmetries and ideological bias, the issue of injustice would not even arise. The challenge to critical social theory is, therefore, to account for the possibility of emancipation and justice not in spite of, but through power-imbued processes of contestation and conflict. How can we do that? It will suffice, I propose, to supplement the normative framework of discourse ethics with an account of the social hermeneutics of unconstrained, non-ideal mutual justification among actors with different economic, political, and cognitive resources.

Undoubtedly, there has been a division of labor among critical theorists: Works focused on civil society mobilization (most evidently in critiques of gender injustice and identity politics⁴⁸) have followed the analytical course of emancipation through conflict. Works focusing on the normative grounds of critique within the communicative turn have followed the analytical course of normative validity.⁴⁹ However, missing is a conceptualization of the synergy between the two strands of critique: namely, in what way can public deliberations be entrusted not only with the generation of a consensus on binding social norms, but also with confronting and remedying structurally generated social injustice?

A Pragmatic Turn within the Communicative Turn

To be able to perform social critique along the lines suggested above, we need not abandon the communicative turn. It suffices to cast it differently: we need to provide an account of discursive justification that can also do the work of ideology critique – of uncovering the common structural roots of social injustice behind conflicting, yet often equally valid, claims to justice. My second proposal, therefore, is for recasting the communicative turn so as to enable it to address structural sources of domination in conditions of non-ideal deliberation. The challenge in solving the paradox of judgment (i.e. the tension between the need for political realism and normative rigor), I have suggested, is to account for the critical force of democratic debates without presupposing that citizens have a secure recourse to a universal moral point of view. This would amount to a pragmatic turn within the communicative turn.⁵⁰

While the dynamics of the “better argument” logic of justification are effective in generating a consensus on basic rights, this process does not enable criticism in the way the founders of Critical Theory implied it – the uncovering, through the thicket of ideological bias and power asymmetries, through latent or overt conflicts, of the socio-structural roots of injustice.⁵¹ To achieve this, we need to rely on another process: a process I call ‘rendering account,’ which activates a critical deliberative judgment able to disclose the common socio-structural origins of opposing claims to justice.

How does this work? It is exactly because deliberations are invariably marked by participants’ social identities that the mutual reason-giving takes place as dynamics of interaction between social subjects – subjects that are differentially positioned within the structure of social relations, but mutually related through this structure. To the extent that

public deliberations involve the full range of socio-cultural diversity in society, they can be regarded as a condensed expression, in a dialogical form, of the larger dynamics of social conflicts. Note that the meta-theoretical device at work here is not the ‘ideal speech situation’ but that of epistemic pluralism. The dynamics of emancipation are not directed towards a consensus enabled by the moral point of view deliberations help discern. Instead, the emancipatory moment is rooted in the dialogical enactment of social conflicts. In the modus of “rendering account,” mutual justification proceeds as an exchange in which participants present actor-related private reasons for the positions they hold, rather than normative arguments in defence of their choices. They give account of the reasons for the positions they hold by relating their experiences of injustice. In the process, participants disclose the reasons for having reasons; that is, the second-order reasons related to who these actors socially are – reasons having to do with a person’s position in the distribution of social status. This process, which I describe as ‘making-sense-in-common,’ enables participants to grasp what is at stake in their disagreement beyond their conflicting positions on an issue. In this way they are likely to come to realize how their particular social positioning vis-a-vis one another in the structure of social ` relations is at the root of their disagreement. This is a process that discloses the link between what Pierre Bourdieu called ‘prise-de-position’ and ‘position’ – the connection between one’s taking a position in a dispute, and one’s social position. Thus, recent public debates on unemployment and austerity in relation to the Eurozone crisis have brought to the fore that the seemingly conflicting grievances of labor-market insiders (holders of good jobs who have to work harder and longer) and labor-market outsiders (the unemployed and those in precarious employment) are mutually related via a

political economy which increases and generalizes commodification pressures – a point I will return to in the last section. Ultimately, by disclosing the way competing, equally valid claims to justice are mutually related within the logic of systemic domination, this process is likely to generate an understanding among participants of their mutual entanglement in the socio-structural production of injustice.

With such a rendition of the critical function of public deliberations, their very status changes: it is narrowed, and sharpened. Their function consists in disclosing the socio-structural mechanisms in the production of systemic domination. Justification as ‘giving an account’ turns the public sphere into a space for communicative enacting of social conflicts. It is here that antagonistic positions have the chance to be transformed into agonistic relations, rooted in the shared awareness of the way agents are similarly subjected to forms of systemic domination. It is in this sense that unconstrained public discussions can be a venue of critical judgment with emancipatory outcomes.

A critical deliberative judgment focused on structural sources of injustice is likely to occur when deliberations include maximum diversity of participants in order that the opposing parties to a social conflict can effectively confront one another. Thus, it suffices to ensure a full representation of the socio-economic and socio-cultural dimensions relevant to those grievances that are object of debates on justice. This is achieved when the selection of participants is random, yet the sample is statistically representative.⁵² Such representation would enable the disclosure of the full relational range of the social origin of lived experiences of suffering.

The deliberative bringing into view of the common structural sources of systemic domination would in turn allow to focus critique and policy action on forms of suffering

that constitute an injustice even for the apparent winners in the relational distribution of power. The mundane and trivial production of widely spread and often unnoticeable social harm – such as growing employment insecurity and increased commodification pressures even for the holders of good jobs – are as significant indicators that something is wrong with our model of wellbeing – that ‘something is missing,’ as Adorno would put it⁵³ – as are disadvantaged groups’ emphatic calls for equality and inclusion.

Bringing Critique of Political Economy Back into Critical Theory

My third proposal in recasting the parameters of critique is to bring political economy back into Critical Theory. If critique is to be more acutely focused on the systemic dimension of domination, it cannot shy away from considering the way the operative logic of capitalism forges a certain model of wellbeing – a model that struggles for equality and inclusion take as an ontological given.

To be able to perform such an analysis, Critical Theory needs to withdraw, to some extent at least, from the communicative turn and the type of social science from which it is nourished. Reliance on semiologism (reducing social exchanges to phenomena of communication) is hardly the way to offset the damage of economism (i.e. reducing social exchanges to rational and strategically oriented action). As Pierre Bourdieu has noted, these two seemingly opposing approaches to social phenomena serve as each other’s alibis.⁵⁴ A pragmatist orientation to social science where critique focuses on the very ‘economy of practices’ (Bourdieu) is more likely to help us refocus on systemic domination, while altogether avoiding the familiar trap of economic reductionism (i.e., of considering the economy as the exclusive engine of social injustice). To recognize in this

way that there is a powerful systemic logic of domination is not to argue that actors are prisoners of the iron laws of history, but rather to help us appreciate the magnitude of the challenge. To admit that the operative logic of capitalism as a socioeconomic system has distinct consequences for the way people interact and make sense of their world (beyond a ‘colonization of the lifeworld’ thesis) does not imply that we equip the system with attributes of a human agent.

The advantage of refocusing on the structural features of the socio-economic model is this: it would enable criteria of social justice to emerge from the identification of a broad pattern of societal injustice within which the suffering of some groups is a symptom of structural dynamics which also negatively affect the purported agents of domination. To achieve this, critique would need to proceed by identifying those antinomies of contemporary capitalism which foster historically particular, but structurally general experiences of injustice, from which normatively generalizable notions of justice can be derived.⁵⁵ I will next proceed to apply this formula of critique to an analysis of contemporary capitalism and the opportunities for emancipation that the current social crisis contains.

IV. The Renewed Consolidation of Capitalism

In my introductory discussion of capitalism’s unfailing health, I rejected the diagnosis of crisis and suggested that we need to account, instead, for its consolidation, focusing critique on the way this consolidation has engendered a new form of systemic domination. Since the turn of the new century, state-market relations have been recast to foster the emergence of a novel modality of capitalism (as a socio-economic order) to

replace the neoliberal form that dominated in the last two decades of the twentieth century.⁵⁶ In this modality, the structural imperative of capital accumulation on a global scale, via integrated domestic markets, has been translated as a policy imperative for increased global competitiveness. The structural roots of social injustice have to do with a type of political economy that engenders not so much inequality but a generalized economic uncertainty via the maximization of opportunities for wealth creation in a context of open borders and reduced social safety net. This is an uncertainty to which all participants are subjected. It is this uncertainty, experienced as a potential threat to livelihoods and lifestyles, that is entailing deepened and widened labor commodification – a process that affects both labor-market insiders and labor-market outsiders, both the poor and the affluent – regardless of our societies’ unprecedented capacities for exit from the process of economic production (labour de-commodification). This occurs despite the fact that leisure is a desired good for an increasing number of people.⁵⁷ The key structural contradiction of contemporary capitalism, therefore, concerns the tension between the great de-commodification capacities of our societies and the great commodification pressures to which all participants are subjected. This suggests that the engine of *systemic* domination is the universalization of commodification pressures that had previously affected blue-collar workers exclusively.

In this sense, the growing impoverishment, inequality, and hostility to foreigners that advanced liberal democracies have seen in recent years are symptoms, but not causes, of the social malaise contemporary capitalism is afflicting. Xenophobic parties have been feeding on the sense of uncertainty globalization has been creating: anxiety based on perceptions of physical insecurity, political disorder, cultural estrangement, and

employment insecurity – key ingredients of a new order-and-security public agenda that emerged in the 1990s.

The *relational* dimension of domination within this modality of capitalism concerns not so much income inequalities among social groups (or the 99% against the obscenely affluent 1%), but rather the asymmetrical distribution of economic risks and opportunities that has taken place in the transformation of capitalism from its neoliberal modality of the 1980s and 1990s, to a new modality that emerged at the turn of the new century. Let me now address this in some detail. In a ‘perfect’ market economy, opportunities for wealth-creation are correlated with risks of loss of investment. This is the formula applied by neoliberal capitalism, from which it also drew its legitimacy.⁵⁸ In the course of the liberalization and deregulation of product and labor markets in the late twentieth century, neoliberal capitalism demolished the edifice of the welfare state which had directed a share of the opportunities from capital to labor, transferring the risks to the state. However, risks and opportunities have become uncoupled in the current constellation. Towards the turn of the century, specific policy measures allowed the aggregation of economic opportunities to particular economic actors and the aggregation of economic risk to others (note that this asymmetrical aggregation of opportunities and risks cuts across labor and capital). The publicly funded bank bailout was only the most conspicuous example of this phenomenon, best illustrated by the booming of so called ‘national champions’ (i.e., companies whose competitiveness in the global economy is nurtured by state policy). I have described this as a post-neoliberal, aggregative capitalism in order to draw attention to the asymmetrical aggregation of opportunities

and risks to particular actors typical for it – a model of capitalism that emerged well before the financial crisis.

At the root of aggregative capitalism is the extreme marketization of the economy – even sectors of the economy that in principle cannot be properly exposed to competition (such as energy infrastructure, rail transportation, broadband) were privatized, thus giving their owners the privileged status of rentiers – a status marked by reduced risk, due to low exposure to competition, and high earnings. Notably, the stratified distribution of opportunity and risk is taking place with the active intervention of the state which, in contrast to earlier forms of state-market configurations, acts not to offset the accretion of risks to the weaker actors, but to augment the opportunities to actors who are best able to increase national economies' competitiveness.

A distinguishing feature of aggregative capitalism is that the creation of fictitious commodities has been extended to investment risk.⁵⁹ What we might call the 'commodification of risk' consists in the packaging of leveraged financial products and selling them as profit-creating goods – a situation in which the risk contained in the package is the primary entity generating profit. The commodification of risk is most apparent in the case of credit default swaps (CDS).⁶⁰ In contrast to standard insurance, which one purchases on an entity one owns (a house, a life) CDS allow one to ensure what one does not own – namely the risk of someone else's loan defaulting. The effective commodification of risk – a fictitious commodity that remains deeply rooted in the fabric of social relations that endow it with the meaning of profit-generating risk – was the primary cause of transforming the final crisis of 2008 into an economic crisis and subsequently into a social crisis.

When the risk accumulated by financial institutions exploded, public authorities, in most cases, intervened to socialize the risk via publicly funded bank bailouts – well in line with the operative logic of aggregative capitalism. The recapitalization of financial institutions with public money, while the ownership of these institutions remained in private hands, amounted to allocation of investment risk to society while opportunities for returns on investment remained in the hands of bank managers and shareholders. It is this aggregation of risk and its allocation to society that transformed the financial crisis into a social crisis, as governments are now cutting down essential social services (particularly funds for health and education), in order to restore balance to government finances. In this sense, the current social crisis was triggered by the manner in which governments reacted to the financial crisis. The social crisis was not generated by economic crisis – that is, by a decline in business activity and general prosperity due, for example, to the outsourcing of essential production to Asia in conditions of globally integrated markets.⁶¹

To understand why democratically elected governments were given the mandate to transform the financial crisis into an economic and social crisis, we need to scrutinize the legitimacy relationship (social contract) between public authority and citizens in the new modality of democratic capitalism. At all levels of government, public authority has been undertaking ever increasing action to enhance market efficiency for the sake of global competitiveness, with dramatic increase in social risk. This same public authority, however, has ceased to assume responsibility for the risk thus generated. Rather than a retrenchment of the state, we have the new phenomenon of an increase in the power of governing bodies (and their capacity to inflict social harm), while their responsibility for

the social consequences of policy action decreases. Individuals are increasingly charged with responsibility for issues ranging from maintaining a healthy lifestyle, to protecting the environment, remaining employable, finding jobs and securing pensions. Thus, individual self-reliance has become one of the core elements of the social contract in the early twenty-first century. With this, however, issues of social justice exit the legitimacy relationship, leave the agenda of public debate, and thus stand beyond the scope of political contestation. Public authority is free to cause social harm for which it does not assume responsibility, as the very publics who are suffering these effects have absolved it from responsibility. The state, ever more powerful, ever less socially responsible, remains invariably legitimate. There is no legitimacy crisis of the system, no mass-scale revolts amidst the rampant economic crisis in advanced liberal democracies, because the very social contract has been altered to exclude issues of social safety from the range of public authority's responsibility. The exercise of power becomes ever more autocratic, even if all rituals of democratic politics are meticulously performed.

However, autonomy that imposes an overwhelming burden of responsibility on individuals for their wellbeing quickly decays into what Erich Fromm called 'fear of freedom.' It is exactly because public authority is perceived as incapable of managing the nebulous threats coming from a globally integrated capitalist economy that this fear of freedom is being channelled either into hatred of strangers (by neo-Nazi parties), or into calls for making capitalism more inclusive and ethical (by the protest movements), rather than into demands for radical overhaul of the socio-economic system.

What solutions emerge from the formula of critique I articulated above, focusing on the systemic, as well as on the relational dimensions of domination and the socio-

structural dynamics that underpin both? If systemic domination is rooted in the generalized production of economic uncertainty, which in turn generalizes commodification pressures, policy reform should aim at creating the conditions for economic certainty (within a platform I have described elsewhere as the “political economy of trust”).⁶² Labor-market deregulation alone would not motivate businesses to hire, and therefore a return to growth is likely to result in the jobless growth we have had since the 1980s. In conditions of economic uncertainty, providing cheap money to banks will not motivate them to lend, nor will business with current-account surplus rush to invest; in the same vein, uncertainty about preserving their sources of income would deter consumers from spending.

First, we need to redesign the welfare state with a view to tackle generalized uncertainty, rather than simply inequality. This would mean a labor market reform that maximizes both the voluntary entry into and the exit from the labor market – i.e. mainstreaming voluntary employment flexibility.⁶³ This would imply a drastic liberalization of labor markets to allow the outsiders to get in. On the other hand, we need a robust social safety net to encourage voluntary exit from the labor market. This would entail the second step: a reform of social provision. Importantly, neither the eligibility for social insurance, nor its amount, should be predicated on labor market participation (as in the Bismarckian welfare state), in order not to discourage labour-market exit. Social provision should be based instead on denizenship (in the European case – EU-wide citizenship), emulating the Scandinavian model, thus cutting the link between participation in economic production and secure sources of income.

The financing of the ‘political economy of trust’ would in turn require an institutional socialization of the rents businesses exploit due to their imperfect exposure to competition; this socialization can take the form of taxation, or alternatively nationalization, amalgamating the socialized assets into sovereign wealth funds operated on market principles but dedicated to funding public services including social insurance.

Such a set of policy reforms targeting, above all, the systemic logic of domination at work in the contemporary modality of capitalism (that is, the generalized commodification pressures), would offer a remedy for the discrepancy between the public absorption of risk and the private accumulation of opportunities that marks aggregative capitalism, as well as for the state’s lack of resources for social policy and its incapacity for continued reliance on borrowing. Altogether, this would mean intensifying the competitive logic of capitalism, yet subjecting it to the cause of maximum emancipation from the dynamics of formation of fictitious commodities (from labor to risk).

Conclusion

“Shit is a more onerous theological problem than is evil,” claimed Milan Kundera in his *The Unbearable Lightness of Being*.⁶⁴ Put more politely, the trivial everyday suffering that comes from alienation, generalized fear and humiliation, might be less haunting than the grand evils of our day – violent death, starvation, disease – yet as it claims its victims silently and persistently, it is a worthy object of critique and political struggle. And this is indeed a more onerous task for both contemplation and action because, as this banal suffering is rooted in deep, unnoticeable structures of social

relations, opposing it would require greater intellectual shrewdness and political courage. In order to live up to its pledge for fighting the mundane, all-embracing logic of subjugation to what appear to be unavoidable routines of social reproduction, critical social theory, I suggested, needs to bring the critique of political economy back in. Such a shift would enable us to relate the concrete phenomenology of quiet despair to its structural roots. This would consequently allow Critical Theory to be as vigorously engaged with the struggle against the type of systemic domination capitalism engenders (via its operative logic of pursuing profit), as it has been effective in its struggle against relational domination driven by concerns over inequality and exclusion. A renewed critique of the political economy of advanced capitalism is the safeguard that our struggles against exclusion and subordination would not be co-opted, yet again, by the stratagems of capitalism reinventing itself.

NOTES

1. Luc Boltanski et Eve Chiapello, ` *Le nouvel esprit du capitalisme* (Paris: Gallimard, 1999). The authors discern two types of criticisms of capitalism that have developed since the 19th century – the first, labeled “social criticism” has as its vector the labor movement and targets inequality, misery, and exploitation; the second, labelled “artistic criticism” targets pervasive commodification and market domination, and vindicates an ideal of individual autonomy.

2. I capitalize Critical Theory when I refer to the particular tradition of social critique initiated at the Frankfurt Institute for Social Research in the 1930s. A broader understanding of critical theory (in opposition to positive social analysis committed to understanding social dynamics while abstaining from normative assessment and emancipatory ambitions) would also comprise the perspectives developed by Robert Cox and Luc Boltanski, among others.

3. *Los Indignados* (the indignants) is a social movement of mostly young people, who staged protests in Spain close to the local and regional elections held on 22 May 2011. At the focus of their demands is a solution to endemic youth unemployment, while their crede centers on a rejection of the current political and economic system, including the institution of representative democracy; they appeal for grassroots participatory democracy.

4. This two-week series of analyses and commentaries opened on 9 January 2012. See www.ft.com/capitalismincrisis

5. I discuss the coommodification of risk in the last section.

6. As quoted in Raphael Minder, "Despite Ban, Protests Continue Before Spanish Vote", *The New York Times*, May 11 2011.

7. Polanyi points out that the collectivist countermovement against the free market that gained momentum at the close of the nineteenth century was a broad societal endeavor, as it was triggered not by the threat the market economy represented to the interests of a particular social group, but by a broader threat – namely, because the market, disembedded from society, "became a threat to the human and natural components of the social fabric." He further emphasizes that "[p]recisely because not the economic but the social interests of different cross sections of the population were threatened by the market, persons belonging to various economic strata unconsciously joined forces to meet the danger." (Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957 [1944]), at 150 and 154–155).

8. Nancy Fraser, "Feminism, Capitalism, and the Cunning of History," *New Left Review*, 56 (2009): 97–121.

9. In Marx's structural analysis of capitalism as in Adorno's moral philosophy, emancipatory critique is centered on those 'antinomies' (tensions, contradictions) that are constitutive of a given historical form of social relations because these antinomies generate both social injustice and the potential for emancipation (T.W. Adorno, *Negative Dialectics* (1966), trans. E.B. Ashton. New York: The Seabury Press, 1973).

10. On this see, for instance, Jean Cohen and Andrew Arato's *Civil Society and Political Theory* (The MIT Press, 1992). Arato's writing was particularly popular among us philosophy and sociology students, as well as dissident academics, in Bulgaria in the 1980s.

11. I have previously discussed these two dimensions of domination as 'relational' and structural' (borrowing Susan Strange's pair of concepts in her typology of power). However, my critics have convinced me that the dichotomy is misleading, as any form of relational injustice is rooted in structures of social relations, while what I mean to highlight is a contrast between, on one hand, the unequal distribution of power among actors, and, on the other, the operative logic of the system which dominates all participants.

12. In this sense Fraser speaks of 'affirmative-vstransformative redistribution'. Nancy Fraser, "Social Justice in the Age of Identity Politics: Redistribution, Recognition and Participation", in *The Tanner Lectures on Human Values*, vol. 19, ed. Grethe B. Peterson (Salt Lake City, 1998): 1–67.

13. Marx developed the 'alienation' thesis in *The German Ideology* (1846) and in *Economic and Philosophical Manuscripts of 1844*; he addressed 'commodity fetishism' in *The Capital* (see for instance, Karl Marx, *Capital* (London: Penguin Classics, 1990); pp. 165–169).

14. Marx introduces the concept of 'law of value' (relevant to human work, not to wage labor) in *The Poverty of Philosophy* (1847, originally written in French).

15. Georg Lukacs, "Reification and the Consciousness ' of the Proletariat," (1923) in his *History and Class Consciousness* (Merlin Press, 1967). This theme is taken up later by Horkheimer and Adorno in their *The Dialectic of Enlightenment* (1944), and more recently by Axel Honneth in his "Reification: A Recognition-Theoretical View", *The Tanner Lectures on Human Values*, delivered at University of California-Berkeley, March 14–16, 2005; see also Axel Honneth, *Reification: A New Look* (Oxford: Oxford University Press, 2008).

16. On the conceptual matrix of 'Ideologiekritik' see Maeve Cooke, "Ideology Critique", *Constellations* 13/1 (2006): 4–20; and Azmanova, "Critical Theory: Political Judgment as Ideologiekritik," in *The Scandal of Reason: A Critical Theory of Political Judgment* (New York: Columbia University Press, 2012): 43–64.

17. Raymond Geuss, *The Idea of Critical Theory* (Cambridge: Cambridge University Press, 1981): 35.
18. T.W. Adorno, *Negative Dialectics*: xx.
19. See Ernst Bloch, “Discussing Expressionism,” and Georg Lukacs, “Realism in the Balance”, in Adorno et al., *Aesthetics and Politics* (London and New York: Verso): 16–67.
20. The body of works in which Adorno elaborated his political aesthetic in the course of the 1960s (via an appropriation of Sartre’s notion of engagement) was posthumously published in 1970 (Theodor W. Adorno, *Asthetische Theorie*. Ed. Gretel Adorno and Rolf Tiedemann. Frankfurt am Main: Suhrkamp Verlag, 1970).
21. Andrew Arato, “Political Sociology and the Critique of Politics’, in *The Essential Frankfurt School Reader* ed. A. Arato and E. Gebhardt (New York and London: Continuum, 1982): 3–25, at 6.
22. M. Horkheimer and T. W. Adorno, *Dialectic of Enlightenment: Philosophical Fragments* (1947), ed. G. S. Noerr, trans. E. Jephcott (Stanford: Stanford University Press, 2002). In his *The Philosophy of Modern Music* (1949) Adorno takes on beauty itself as a constitutive part of the ideology of advanced capitalism.
23. Walter Benjamin, *The Arcades Project* (1927– 1940), ed. Rolf Tiedemann, trans. Howard Eiland and Kevin McLaughlin (New York: Belknap Press, 2002).
24. Argument made in Adorno’s *Negative Dialectics*.
25. As he writes in a letter to Walter Benjamin dated 2 August 1935, “The fetish character of the commodity is not a fact of consciousness; it is rather dialectical in character, in the eminent sense that it produces consciousness,” in Walter Benjamin and Theodor W. Adorno, *The Complete Correspondence 1928–1940*, ed. Henri Lonitz, trans. Nicholas Walker, (Cambridge and Oxford: Polity, 1999): 105.
26. The argument here is that products mediated by the culture industry have their use value replaced by exchange value, thus losing the “genuine commodity character” that artworks once possessed when exchange value still presupposed use value (*Dialectic of Enlightenment*: 129–30). “Everything has value only in so far as it can be exchanged, not in so far as it is something in itself. For consumers the use value of art, its essence, is a fetish, and the fetish—the social valuation [gesellschaftliche Schatzung “] which they mistake for the merit [Rang] of works of art— becomes its only use value, the only quality they enjoy” (Ibid., 128).
27. Ibid., 207.
28. J. Habermas, *Theory of Communicative Action*, vol. 2 (Oxford and Cambridge: Polity, 1992): 340.
29. Axel Honneth, *Das Recht der Freiheit* (The Right to Freedom) (Berlin: Suhrkamp Verlag, 2011).
30. For the earliest formulation of this platform see Nancy Fraser, “Social Justice in the Age of Identity Politics: Redistribution, recognition and Participation”.
31. Nancy Fraser, *Justice Interruptus: Critical Reflections on the Postsocialist Condition* (London and New York: Routledge, 1997): 26. Typical transformative remedies for distributive injustices of class are “universalist social-welfare programs, steeply progressive taxation, macroeconomic policies aimed at creating full employment, a large nonmarket public sector, significant public and/or collective ownership, and democratic decision-making about basic

socioeconomic priorities. They try to assure access to employment for all, while also tending to delink basic consumption shares from employment” (ibid.).

32. In the context of the ‘new economy’ of open borders and information technology, the class division on the basis of ownership of the means of production disappears along several channels. On the one hand, there is a proliferation of lucrative economic activities, especially those in information technology and the mass entertainment industry that require educational capital (knowledge, skills) and only minimal investment of economic capital. On the other hand, with the advent of the ‘shareholder democracy’, even wage labour becomes an owner of the means of production, if not by owning stocks directly, then via one’s pension fund’s investment in equities.

33. Honneth, *Das Recht der Freiheit*.

34. Axel Honneth, “On Markets and Morals: Alternative Analyses of Capitalism”, a lecture hosted by Constellations, New York, 19 Nov. 2011.

35. T.W. Adorno, *Negative Dialectics*: 244.

36. Ibid., 322

37. “In the social production of their existence, men inevitably enter into . . . relations of production. . . . The totality of these relations of production constitutes the economic structure of society The mode of production of material life conditions the general process of social, political and intellectual life. K. Marx, Preface, *A Contribution to the Critique of Political Economy* (1859), trans. S.W. Ryazanskaya (Moscow: Progress Publishers, 1977): 2.

38. Herbert Marcuse, *One-Dimensional Man: The Ideology of Industrial Society*. (London: Sphere Books, 1969 [1964]): 130, 135.

39. Axel Honneth, *Reification* (Oxford, Oxford University Press: 2008).

40. This is a point that Habermas and Rawls battle at length in their exchange in 1995–1997: J. Habermas, “Reconciliation through the public use of reason: remarks on John Rawls’s Political Liberalism,” *The Journal of Philosophy* 92 (1005): 109–131; J. Rawls, “Reply to Habermas,” *The Journal of Philosophy* 92 (1995): 132–80; J. Habermas, “‘Reasonable’ versus ‘True’, or the Morality of Worldviews,” in *The Inclusion of the Other: Studies in Political Theory*, ed. C. Cronin and P. DeGreiff (Cambridge, MA: MIT Press, 1996): 75–101; J. Rawls, “The idea of public reason revisited,” *The University of Chicago Law Review* 64 (1997): 765–807.

41. Maeve Cooke, “Ideology Critique”, 4.

42. For a discussion of John Rawls’ efforts to diminish the reliance on ideal theory in the course of revising his conceptualization of justice see Albena Azmanova, *The Scandal of Reason*, Ch. 4.

43. See Azmanova, *The Scandal of Reason*, especially pages 8, 17–18, 24, 31, 42, 54, 109, 136, 201, 229, 239.

44. See Martin Hartmann and Axel Honneth, “Paradoxes of Capitalism”, *Constellations* 13/1 (2006): 41–58.

45. Boltanski accomplishes this via his pragmatic sociology of critique, see his *On Critique: A Sociology of Emancipation* (Polity Press, 2011); Fraser – via incorporating a Polanyian perspective in her recent analyses, see her “Marketization, Social Protection, Emancipation: Toward a Neo-Polanyian Conception of Capitalist Crisis,” in Calhoun and

Derluguian, eds., *Business as Usual: The roots of the Global Financial Meltdown* (New York University Press, 2011): 137–157.

46. In Honneth's *Das Recht der Freiheit* as well as in his lecture "On Markets and Morals", mentioned earlier. Honneth's analysis focuses on the value orientations that provide legitimacy to democratic capitalism. Drawing on Hegel, Durkheim, Polanyi and Parsons, he is showing why the economic market cannot be viewed in isolation from the horizon of ethical values of the liberal-democratic society that surrounds it. The intrinsic connection between the competitive operative logic of the market and the valid action norms of the lifeworld are presented in terms of mutual recognition of cooperative responsibilities which actors must perform before they grant to each other the right to individual utility maximization in the market.

47. Offe is tracing the link between developments in the capitalist economy and the increasingly unequal pattern of political disengagement in "Participatory inequality in the austerity state: a supply side approach," in A. Schaefer and W. Streeck, eds., *Democracy in The Age of Austerity* (Cambridge: Polity 2013); in his Adorno lectures delivered at Frankfurt's Institute of Social Research in Spring 2012, Wolfgang Streeck explained the current financial and fiscal crises as a long-term transformation in the relationship between capitalism and democracy. See, for instance, his "The Politics of Public Debt: Neoliberalism, Capitalist Development, and the Restructuring of the State", in *German Economic Review* 15 (2014): 143–165, as well as W. Streeck and D. Mertens, "Public Finance and the Decline of State Capacity in Democratic Capitalism," in Armin Schaefer and Wolfgang Streeck, eds., *Politics in the Age of Austerity* (Cambridge: Polity Press, 2013): 26–58.

48. In the writing, for instance, of Amy Allen, Seyla Benhabib, Jean Cohen, Nancy Fraser, and Maria-Pia Lara.

49. In the writing, for instance, of Rainer Forst, James Bohman, and Alessandro Ferrara.

50. I have affected such a pragmatic turn within the communicative one by elaborating a notion of critical deliberative judgment and corresponding techniques of deliberation in Azmanova, *The Scandal of Reason*. Building a pragmatist political epistemology from the notion of 'orientational phronesis' (practical wisdom – in the Aristotelian sense – that orients judgment without determining it), allows me to specify the epistemic grounds of validity in terms of the notion of the "critically relevant" in place of both the "rational" and the "reasonable", thus offering an alternative operationalization of the discourse principle (D) in matters of political justice.

51. In 'the force of the better argument' formula the validity of arguments is tested against a counterfactual situation of power-free conditions of justification among free and equal participants.

52. As, for instance, in the technique applied in deliberative polls designed by James Fishkin.

53. In "Something's Missing: A Conversation between Ernst Bloch and Theodor Adorno on the Contradictions of Utopian Longing," in Ernst Bloch, *The Utopian Function of Art and Literature* (Cambridge, Mass.: MIT Press, 1988 [1964]): 1–17 at p.12.

54. Pierre Bourdieu, "The Forms of Capital", in John Richardson, ed., *Handbook of Theory and Research for the Sociology of Education* (New York: Greenwood Press, 1986): 241–258.

55. I have first suggested this formula in Azmanova, *The Scandal of Reason*, especially pages 8, 17–18, 24, 31, 42, 54, 109, 136, 201, 229, 239.

56. This is consecutively the fourth modality, after the nineteenth century entrepreneurial (liberal) capitalism, the post -WWII ‘organized’ capitalism of the welfare state, and the neoliberal capitalism of the 1980s and 1990s. I have described this as ‘re-organised’ or ‘aggregative’ capitalism, in respectively, Albena Azmanova, “Capitalism Reorganized: Social Justice after Neo-liberalism,” *Constellations* 17/ 3 (2010): 390–406; and Albena Azmanova, “The ‘Crisis of Capitalism’ and the State: More Powerful, Less Responsible, Invariably Legitimate,” in *The Semantics of State-Building* ed. by N. Onuf, N. Lemay-Hebert, V. Rakic, and P. Bojanic (Abingstoke: Routledge, 2013).

57. For a detailed account of this phenomenon see Albena Azmanova, “Social Justice and Varieties of Capitalism: An Immanent Critique,” *New Political Economy* 17/ 4 (2012): 445–463;

58. Note, for instance, the strong corollary that has been established over the past decade between risk management and the compensation demands of chief executives in investment banks. This is in perfect alignment with the neoliberal logic of coupling risk and reward.

59. The standard fictitious commodities, that is, entities which by their very essence are not properly susceptible to commodification (production exclusively for market exchange), are land, labor and money. To my knowledge, Jean-Francois Lyotard was the first to comment the emerging com modification of knowledge in advanced capitalist societies (See J.-F. Lyotard, *La condition postmoderne: rapport sur le savoir*, Paris: Minuit, 1979). It is also in the nature of risk that it cannot be produced exclusively for market exchange, its nature remains strongly relational and thus rooted in the social fabric.

60. Credit default swaps have existed since the early 1990s, but their use was rapidly increased between 2003 and 2007, when the outstanding CDS amount was \$62.2 trillion (ISDA, 2010).

61. Neither was it brought on by profligacy, as it is widely believed. Spain and Ireland stood out for their low ratios of debt to gross domestic product five years ago with ratios well below Germany’s.

62. Albena Azmanova, “Against the Politics of Fear: On Deliberation, Inclusion, and the Political Economy of Trust,” *Philosophy and Social Criticism* 37 (2011): 401– 412.

63. For the details of this proposal see my “Social Justice and Varieties of Capitalism: An Immanent Critique.”

64. Milan Kundera, *The Unbearable Lightness of Being* (NY: Harper and Row, 1984): 246.