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The Ruling Class Does Not Rule

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In 1977, the radical sociologist Fred Block published a seminal essay, “The Ruling Class Does Not Rule,” in the left-wing journal *Socialist Revolution*. Block challenged much of the conventional wisdom among Marxists about the role of the state in capitalist societies and the relationship between economic and political power. It remains a landmark in the development of Marxist state theory.

We republish the essay here with an epilogue from Fred Block, in which he describes the circumstances under which it was written, and adds his thoughts on the current political conjuncture in the United States. The original version of this text, with full references that are not included here, is available at Fred Block’s website.

The Marxist theory of the state remains a muddle despite the recent revival of interest in the subject. Substantial progress has been made in formulating a critique of orthodox Marxist formulations that reduce the state to a mere reflection of economic interests. However, the outlines of an adequate alternative Marxist theory are not yet clear.

This is most dramatically indicated by the continued popularity in Marxist circles of explanations of state policies or of conflicts within the state that are remarkably similar to orthodox formulations in their tendency to see the state as a reflection of the interests of certain groups in the capitalist class. Many Marxists, for example, were drawn to interpretations of Watergate that saw it as a conflict between two different wings of the capitalist class.

This gap between theory and the explanation of actual historical events demonstrates that the critique of orthodox Marxist formulations has not been carried far enough. These earlier formulations — even when they have been carefully criticized and dismissed — sneak back into many current analyses because they remain embedded in the basic concepts of Marxist analysis.

This essay proposes two elements of an alternative Marxist theory of the state. The first element is a different way of conceptualizing the ruling class and its relationship to the state. This reconceptualization makes possible the second element — the elaboration of a structural framework that specifies the concrete mechanisms that make the state a capitalist state, whereas other structural theories have tended to analyze structures in an abstract and mystifying way.

Although these two elements do not provide a complete Marxist theory of the state, they do provide a new way of thinking about the sources of rationality within capitalism. Contemporary Marxists have been forced to acknowledge that despite its fundamental irrationality, capitalism in the developed world has shown a remarkable capacity to rationalize itself in response to the twin dangers of economic crisis and radical working-class movements.

[By “rationalization” and “capitalist reform,” I am referring primarily to the use of the state in new ways to overcome economic contradictions and to facilitate the integration of the working class. Rationalization must be distinguished from strategies of forcing the working class to bear the costs of economic contradictions through dramatic reductions in living standards combined with severe political repression.]

Since the present historical period again poses for the Left the threat of successful capitalist rationalization, the understanding of the sources of capitalism’s capacity for self-reform is of the utmost political importance.

The traditional Marxist explanation of capitalist rationality is to root it in the consciousness of some sector of the ruling class. In this light, capitalist reform reflects the conscious will and understanding of some sector of the capitalist class that has grasped the magnitude of the problem and proposes a set of solutions.

The alternative framework being proposed here suggests that the capacity of capitalism to rationalize itself is the outcome of a conflict among three sets of agents — the capitalist class, the managers of the state apparatus, and the working class. Rationalization occurs “behind the backs” of each set of actors so that rationality cannot be seen as a function of the consciousness of one particular group. This argument and its implications will be traced out through a number of steps.

First, I intend to show that critiques of orthodox Marxist theories of the state are flawed by their acceptance of the idea of a class-conscious ruling class. Second, I argue that there is a basis in Marx's writing for rejecting the idea of a class-conscious ruling class. Third, I develop a structural argument that shows that even in the absence of ruling-class class consciousness, the state managers are strongly discouraged from pursuing anti-capitalist policies. Fourth, I return to the issue of capitalist rationality and describe how it grows out of the structured relationship among capitalist, workers, and state managers. Finally, I briefly analyze the implications of this argument for capitalism's current difficulties in the United States.

The major development in the Marxist theory of the state in recent years has been the formulation of a critique of instrumentalism. A number of writers have characterized the orthodox Marxist view of the state as instrumentalism because it views the state as a simple tool or instrument of ruling-class purposes.

First, it neglects the ideological role of the state. The state plays a critical role in maintaining the legitimacy of the social order, and this requires that the state appear to be neutral in the class struggle. In short, even if the state is an instrument of ruling-class purpose, the fact that it must appear otherwise indicates the need for a more complex framework for analyzing state policies.

Second, instrumentalism fails to recognize that to act in the general interest of capital, the state must be able to take actions against the particular interests of capitalists. Price controls or restrictions on the export of capital, for example, might be in the general interest of capital in a particular period, even if they temporarily reduced the profits of most capitalists. To carry through such policies, the state must have more autonomy from direct capitalist control than the instrumentalist view would allow.

The critics of instrumentalism propose the idea of the relative autonomy of the state as an alternative framework. In order to serve the general interests of capital, the state must have some autonomy from direct ruling-class control. Since the concept of the absolute autonomy of the state would be un-Marxist and false, the autonomy is clearly relative. However, the difficulty is in specifying the nature, limits, and determinants of that relative autonomy.

Some writers have attempted to argue that the degree of autonomy varies historically, and that "late capitalism" is characterized by the "autonomization of the state apparatus." But these arguments have an *ad hoc* quality, and they share an analytic problem derived from the phase "relative autonomy from ruling-class control."

The basic problem in formulations of "relative autonomy" is the conceptualization of the ruling class. Relative-autonomy theories assume that the ruling class will respond effectively to the state's abuse of that autonomy. But for the ruling class to be capable of taking such corrective actions, it must have some degree of political cohesion, an understanding of its general interests, and a high degree of political sophistication.

In sum, the theory requires that the ruling class, or a portion of it, be class-conscious, that is, aware of what is necessary to reproduce capitalist social relations in changing historical circumstances. Yet if the ruling class or a segment of it is class-conscious, then the degree of autonomy of the state is clearly quite limited. At this point the theory of relative autonomy collapses back into a slightly more sophisticated version of instrumentalism. State policies continue to be seen as the reflection of inputs by a class-conscious ruling class.

The way out of this theoretical bind, the way to formulate a critique of instrumentalism that does not collapse, is to reject the idea of a class-conscious ruling class. Instead of the relative-autonomy framework, the key idea becomes a division of labor between those who accumulate capital and those who manage the state apparatus.

Those who accumulate capital are conscious of their interests as capitalists, but, in general, they are not conscious of what is necessary to reproduce the social order in changing circumstances. Those who manage the state apparatus, however, are forced to concern themselves to a greater degree with the reproduction of the social order because their continued power rests on the maintenance of political and economic order.

In this framework, the central theoretical task is to explain how it is that despite this division of labor, the state tends to serve the interests of the capitalist class. It is to this task — the elaboration of a structural theory of the state — that I will turn after a brief discussion of the division of labor between capitalists and state managers.

The idea of a division of labor between non–class-conscious capitalists and those who manage the state apparatus can be found in Marx's writings. Two factors, however, have obscured this aspect of Marx's thought. First, Marx did not spell out the nature of the structural framework in which that division of labor operated, although he hinted at the existence of such a framework. Second, Marx's discussion of these issues is clouded by his polemical intent to fix responsibility for all aspects of bourgeois society on the ruling class.

Even when Marx recognizes that the ruling class lacks class consciousness, he still formulates his argument in such a way as to imply that the ruling class as a whole is in conscious control of the situation. Marx used the idea of a conscious, directive ruling class as a polemical shorthand for an elaboration of the structural mechanisms through which control over the means of production leads to control over other aspects of society.

The tension in Marx's formulations is clearest in *The Eighteenth Brumaire* when he is explaining why the bourgeoisie supported Louis Bonaparte's coup d'etat against the bourgeoisie's own parliamentary representatives. He writes:

> The *extra-parliamentary* mass of the bourgeoisie, on the other hand, by its servility towards the President, by its vilification of parliament, by the brutal maltreatment of its own press, invited Bonaparte to suppress and annihilate its speaking and writing section, its politicians and its *literati*, its platform and its press, in order that it might then be able to pursue its private affairs with full confidence in the protection of a strong and unrestricted government. It declared unequivocally that it longed to get rid of its own political rule in order to get rid of the troubles and dangers of ruling.

The passage suggests a division of labor and a division of interest between the extra-parliamentary mass of the bourgeoisie, primarily interested in accumulating profits, and the parliamentary and literary representatives of that class, whose central concerns are different. Marx uses the notion of representation as a substitute for specifying the structural relationship that holds together the division of labor.

In an earlier passage, in a discussion of the petty bourgeoisie, he states what is involved in the idea of representation:

> Just as little must one imagine that the democratic representatives are all shopkeepers or enthusiastic champions of shopkeepers. According to their education and their individual position they may be separated from them as widely as Heaven from Earth. What makes them representatives of the petty bourgeoisie is the fact that in their minds they do not go beyond the limits which the latter do not go beyond in life, that they are consequently driven theoretically to the same tasks and solutions to which material interest and social position practically drive the latter. This is in general the relationship of the *political and literary representatives* of a class to the class that they represent.

Marx here rejects the simple reductionism so common among his followers. For Marx, representation was an objective relationship — one did not need to be of a class to be its representative. And, in fact, representatives and their classes did not always see eye to eye, since their different positions could lead to different perspectives. In sum, representatives are not typical members of their classes, and it is a mistake to attribute to the class as a whole the consciousness that parliamentary or literary representatives display.

Marx's idea of representation suggests the general structural links between the capitalists and those who manage the state apparatus. Marx recognized that those in the state apparatus tended to have a broader view of society than the capitalists, although their view is still far short of a general understanding of what is necessary to reproduce the social order. After all, the state managers' preoccupation with the struggle for political power distorts their understanding. This is the source of the "parliamentary cretinism" that made Louis Bonaparte a better defender of the bourgeoisie's interests than that class's own representatives.

But if neither the ruling class nor its representatives know what is necessary to preserve and reproduce capitalist social relations, why then does the state tend to do just that?

The answer is that such policies emerge out of the structural relationships among state managers, capitalists, and workers.

When Marxists put forward a radical critique of instrumentalist views of the state, they usually do so to justify reformist socialist politics. When one argues that the ruling class is diffused, and lacks class consciousness and political sophistication, it seems to follow that ifs socialists could gain control of the levers of the existing state, they would be able to use the state to effect the transition to socialism. The logic is impeccable — if the state is not inherently a tool of the ruling class, then it can be turned into a tool of the working class.

This reformist view shares with instrumentalism a personalistic reductionism — either the ruling class controls the state personally and directly or it does not control it at all, in which case the state can be used for other purposes. Neither view recognizes the structural mechanisms that make the state serve capitalist ends regardless of whether capitalists intervene directly and consciously. However, once these mechanisms are understood, it is possible to construct a critique of socialist reformism that is far more powerful than the critiques derived from the instrumentalist tradition.

Before considering the major structural mechanisms, it is necessary to consider a number of subsidiary mechanisms. The first of these includes all the techniques by which members of the ruling class are able to influence the state apparatus directly. Even though the members of the ruling class lack class consciousness, they are acutely aware of their immediate interests as capitalists and of the impact of the state on those interests.

Capitalists, individually and in groups, apply pressure on the state for certain kinds of lucrative contracts, for state spending in certain areas, for legislative action in their favor, for tax relief, for more effective action to control the labor force, and so on. Needless to say, the pursuit of these various interests does not add up to policies in the general interest of capital. Even in the area of control of the labor force, where the common interest among capitalists is strongest, the policies that the capitalists demand might not even be in their own long-term best interest.

Nevertheless, capitalists attempt to assure responsiveness by the state through various means, including campaign contributions, lobbying activities, and favors to politicians and civil servants. While these techniques are primarily used for increasing the state's receptivity to the special interests of particular capitalists or groups of capitalists, the overall effect of this proliferation of influence channels is to make those who run the state more likely to reject modes of thought and behavior that conflict with the logic of capitalism.

Included in the category of influence channels is the recruitment of ruling-class members into government service, and in recent years, into participation in various private policymaking groups that have a powerful impact on the formulation of government policies. Instrumentalists tend to see such individuals as typical members of their class, and their impact on the state is viewed as the heart of capitalist class rule. In the perspective being advanced here, this direct ruling-class participation in policy formation is viewed differently.

For one thing, ruling-class members who devote substantial energy to policy formation become atypical of their class, since they are forced to look at the world from the perspective of state managers. They are quite likely to diverge ideologically from politically unengaged ruling-class opinion.

More important, even if there were no politically engaged ruling-class members, there is still every reason to believe that the state and policymaking groups would advance policies that are in the interests of the ruling class. Marx's formulation cited earlier makes clear that one does not need to be of the ruling class to "represent" it politically; when there are no ruling-class individuals around, individuals from other social classes will eagerly fill the role of ruling-class "representatives."

All of the techniques of ruling-class influence, including direct participation, constitute a structural mechanism of subsidiary importance. The influence channels make it less likely that state managers will formulate policies that conflict directly with the interests of capitalists. But it is a subsidiary mechanism because, even in the absence of these influence channels, other structural mechanisms make it extremely difficult for the state managers to carry through anti-capitalist policies. While instrumentalists argue that influence is the core of ruling-class control of the state, it is really more like the icing on the cake of class rule.

The same cannot be said of a second subsidiary mechanism — bourgeois cultural hegemony. The relevant aspect of cultural hegemony is the widespread acceptance of certain unwritten rules about what is and what is not legitimate state activity. While these rules change over time, a government that violates the unwritten rules of a particular period would stand to lose a good deal of its popular support. This acts as a powerful constraint in discouraging certain types of state action that might conflict with the interests of capital.

However, simply invoking the existence of bourgeois cultural hegemony begs the problem of explaining how that hegemony is generated. Here, too, there must be specific structural mechanisms that operate to make "the ruling ideas" consistent with class rule. However, the task of explaining these structural mechanisms is beyond the scope of this essay.

A viable structural theory of the state must do two separate things. It must elaborate the structural constraints that operate to reduce the likelihood that state managers will act against the general interests of capitalists. An understanding of these constraints is particularly important for analyzing the obstacles to reformist socialist strategies.

But a structural theory must also explain the tendency of state managers to pursue policies that are in the general interests of capital. It is not sufficient to explain why the state avoids anti-capitalist policies; it is necessary to explain why the state has served to rationalize capitalism. Once one rejects the idea of ruling-class class consciousness, one needs to provide an alternative explanation of efforts at rationalization.

Both tendencies can be derived from the fact that those who manage the state apparatus —regardless of their own political ideology — are dependent on the maintenance of some reasonable level of economic activity. This is true for two reasons. First, the capacity of the state to finance itself through taxation or borrowing depends on the state of the economy. If economic activity is in decline, the state will have difficulty maintaining its revenues at an adequate level.

Second, public support for a regime will decline sharply if the regime presides over a serious drop in the level of economic activity, with a parallel rise in unemployment and shortages of key goods. Such a drop in support increases the likelihood that the state managers will be removed from power one way or another. And even if the drop is not that dramatic, it will increase the challenges to the regime and decrease the regime's political ability to take effective actions.

In a capitalist economy, the level of economic activity is largely determined by the private investment decisions of capitalists. This means that capitalists, in their collective role as investors, have a veto over state policies in that their failure to invest at adequate levels can create major political problems for the state managers. This discourages state managers from taking actions that might seriously decrease the rate of investment.

It also means that state managers have a direct interest in using their power to facilitate investment, since their own continued power rests on a healthy economy. There will be a tendency for state agencies to orient their various programs toward the goal of facilitating and encouraging private investment. In doing so, the state managers address the problem of investment from a broader perspective than that of the individual capitalist. This increases the likelihood that such policies will be in the general interest of capital.

This is, of course, too simple. Both sides of the picture — constraints and rationalization — must be filled out in greater detail to make this approach convincing. One problem, in particular, stands out — if capitalists have a veto over state policies, isn't this simply another version of instrumentalism? The answer to this question lies in a more careful analysis of the determinants of investment decisions. The most useful concept is the idea of business confidence.

Individual capitalists decide on their rate of investment in a particular country on the basis of a variety of specific variables such as the price of labor and the size of the market for a specific product. But there is also an intangible variable — the capitalist's evaluation of the general political/economic climate**.** Is the society stable; is the working class under control; are taxes likely to rise; do government agencies interfere with business freedom; will the economy grow? These kinds of considerations are critical to the investment decisions of each firm.

The sum of all of these evaluations across a national economy can be termed the level of business confidence. As the level of business confidence declines, so will the rate of investment. Business confidence also has an international dimension when nations are integrated into a capitalist world economy. Multinational corporations, international bankers, and currency speculators also make judgments about a particular nation's political/economic climate that determine their willingness to invest in assets in that nation. This, in turn, will affect the internal level of business confidence and the rate of productive investment.

Business confidence is, however, very different from "ruling-class consciousness." Business confidence is based on an evaluation of the market that considers political events only as they might impinge on the market. This means that it is rooted in the narrow self-interest of the individual capitalist who is worried about profit. Business confidence, especially because of its critical international component, does not make subtle evaluations as to whether a regime is serving the long-term interests of capital.

When there is political turmoil and popular mobilization, business confidence will fall, and it will rise when there is a restoration of order, no matter how brutal. It was business confidence that responded so favorably to Louis Bonaparte's coup d'etat, because he promised to restore the conditions for business as usual, despite negative implications for the political rights of the bourgeoisie. The crudeness of business confidence makes capitalism peculiarly vulnerable to authoritarian regimes that are capable of acting against the general interests of capital.

The dynamic of business confidence as a constraint on the managers of the state apparatus can be grasped by tracing out a scenario of what happens when left-of-center governments come to power through parliamentary means and attempt to push through major reforms. The scenario distills a number of twentieth-century experiences including that of Chile under Allende. From the moment that the Left wins the election, business confidence declines.

The most important manifestation of this decline is an increase in speculation against the nation's currency. Reformist governments are always under suspicion that they will pursue inflationary policies; a high rate of inflation means that the international value of the nation's currency will fall. Speculators begin to discount the currency for the expected inflation as soon as possible.

This association between reformist governments and inflation is not arbitrary. Reformist policies — higher levels of employment, redistribution of income toward the poor, improved social services —directly or indirectly lead to a shift of income from profits toward the working class. Businesses attempt to resist such a shift by raising prices so that profit levels will not be reduced. In short, price inflation in this context is a market response to policies that tend to benefit the working class.

The reformist government, faced with the initial speculative assault on its currency, has two choices. It can reassure the international and domestic business community, making clear its intention to pursue orthodox economic policies. Or it can forge ahead with its reform program. If it pursues the latter course, an increased rate of inflation and an eventual international monetary crisis is likely.

The international crisis results from the combination of continued speculative pressure against the currency and several new factors. Domestic inflation is likely to affect the nation's balance of trade adversely, leading to a real deterioration in the nation's balance-of-payments account. In addition, inflation and loss of confidence in the currency leads to the flight of foreign and domestic capital and increased foreign reluctance to lend money to the afflicted nation.

The initial speculative pressure against the currency could be tolerated; the eruption of an acute international monetary crisis requires some kind of dramatic response. The government may renounce its reformism or cede power to a more "responsible" administration. But if the government is committed to defending its programs, it will have to act to insulate its economy from the pressures of the international market by imposing some combination of price controls, import controls, and exchange controls.

Escalation in the government's attempt to control the market sets off a new chain of events. These new controls involve threats to individual capitalists. Price controls mean that firms lose the ability to manipulate one of the major determinants of profit levels. Import controls mean that a firm may no longer be able to import goods critical to its business. Exchange controls mean that firms and individuals no longer are able to move their assets freely to secure international havens. The fact that assets are locked into a rapidly inflating currency poses the possibility that large fortunes will be lost.

These are the ingredients for a sharp decline in domestic business confidence. Why should business owners continue to invest if they must operate in an environment in which the government violates the fundamental rules of a market economy?

A sharp decline in business confidence leads to a parallel economic downturn. High rates of unemployment coexist with annoying shortages of critical commodities. The popularity of the regime falls precipitously. The only alternative to capitulation — eliminating controls and initial reforms — is sharp forward movement to socialize the economy. The government could put people back to work and relieve the shortages by taking over private firms.

However, the political basis for this kind of action does not exist, even where the leaders of the government are rhetorically committed to the goal of socialism. Generally, the reformist government has not prepared its electoral supporters for extreme action; its entire program has been based on the promise of a gradual transition. Further, the government leaders themselves become immersed in the political culture of the state apparatus, militating against a sharp break with the status quo.

The outcome of this impasse is tragically familiar. The government either falls from power through standard parliamentary means — loss of an election, defection of some of its parliamentary support — or it is removed militarily. Military actions that violate constitutionality meet formidable obstacles in liberal-capitalist nations, but when economic chaos severely diminishes the legitimacy of a regime, the chances of a military coup are enhanced.

When the military intervenes, it does not do so as a tool of the ruling class. It acts according to its own ideas of the need to restore political order and in its own interests. Naturally the removal of the reformist government leads to a rapid revival of business confidence simply because order has been restored. However, it should be stressed that this revival of business confidence might not be sustained, since there can be substantial conflicts between the interests of the military and the capitalists.

The key point in elaborating this scenario is that the chain of events can unfold without any members of the ruling class consciously deciding to act "politically" against the regime in power. Of course, such a scenario is usually filled out with a great deal of editorializing against the regime in the bourgeois press, much grumbling among the upper classes, and even some conspiratorial activity. But the point is that conspiracies to destabilize the regime are basically superfluous, since decisions made by individual capitalists according to their own narrow economic rationality are sufficient to paralyze the regime, creating a situation where the regime's fall is the only possibility.

The dynamic of business confidence helps explain why governments are constrained from pursuing anti-capitalist policies. It remains to be explained why governments tend to act in the general interests of capital. Part of the answer has already been suggested. Since state managers are so dependent upon the workings of the investment accumulation process, it is natural that they will use whatever resources are available to aid that process.

In administering a welfare program, for example, they will organize it to aid the accumulation process, perhaps by ensuring certain industries a supply of cheap labor. Unlike the individual capitalist, the state managers do not have to operate on the basis of a narrow profit-maximizing rationality. They are capable of intervening in the economy on the basis of a more general rationality. In short, their structural position gives the state managers both the interest and the capacity to aid the investment accumulation process.

There is one major difficulty in this formulation — the problem of explaining the dynamic through which reforms that increase the rationality of capitalism come about. Almost all of these reforms involve an extension of the state's role in the economy and society, either in a regulatory capacity or in the provision of services.

The difficulty is that business confidence has been depicted as so short-sighted that it is likely to decline in the face of most efforts to extend the state's role domestically, since such efforts threaten to restrict the freedom of individual capitalists and/or increase the tax burden on capitalists. If the state is unwilling to risk a decline in business confidence, how is it then that the state's role has expanded inexorably throughout the twentieth century?

Most theorists escape this problem by rejecting the idea that the capitalists are as short-sighted as the idea of business confidence suggests. Even if many members of the class share the retrograde notions implicit in the idea of business confidence, there is supposed to be a substantial segment of the class that is forward-looking and recognizes the value of extending the state's power.

Theorists of corporate liberalism have attempted to trace many of the major extensions of state power in twentieth-century America to the influence of such forward-looking members of the ruling class. However, the position of these theorists ultimately requires an attribution of a high level of consciousness and understanding to the ruling class or a segment of it, and assumes an instrumental view of the state where state policies can be reduced to the input of certain ruling-class factions.

There is, however, an alternative line of argument, consistent with the view of the ruling class and the state that has been advanced in this paper. It depends on the existence of another structural mechanism — class struggle.

Whatever the role of class struggle in advancing the development of revolutionary consciousness, class struggle between proletariat and ruling class in Marx's view has another important function. It pushes forward the development of capitalism — speeding the process by which capitalism advances the development of the productive forces. This is conservative in the short term, but progressive in the long term; it brings closer the time when capitalism will exhaust its capacity to develop the productive forces and will be ripe for overthrow.

Class struggle produces this result most clearly in conflict over wages. When workers are able to win wage gains, they increase the pressure on the capitalists to find ways to substitute machines for people. As Marx described the cycle, wage gains are followed by an intense period of mechanization as employers attempt to increase the rate of exploitation; the consequence is an increase in the size of the industrial reserve army, as machines replace workers.

This, in turn, diminishes the capacity of workers to win wage gains, until the economic boom again creates a labor shortage. While this description applies particularly to competitive capitalism, the point is that workers' struggles — in Marx's theory — play an important role in speeding the pace of technological innovations. *Class struggle is responsible for much of the economic dynamism of capitalism.*

This pattern goes beyond the struggle over wages. From the beginning of capitalism, workers have struggled to improve their living conditions, which also means upgrading their potential as a labor force. For example, unbridled early capitalism, through child labor and horrendously long working days, threatened to destroy the capacity of the working class to reproduce itself — an outcome not in the long-term interests of capitalists. So working people's struggles against child labor, against incredibly low standards of public health and housing, and for the shorter day, made it possible for the class to reproduce itself, providing capitalism a new generation of laborers.

In each historical period, the working class struggles to reproduce itself at a higher level of existence. Workers have played an important role, for example, in demanding increased public education. Public education, in turn, helped create the educated labor pool that developing capitalism required. Obviously, not every working-class demand contributes to the advance of capitalism, but it is foolish to ignore this dimension of class struggle.

In its struggles to protect itself from the ravages of a market economy, the working class has played a key role in the steady expansion of the state's role in capitalist societies. Pressures from the working class have contributed to the expansion of the state's role in the regulation of the economy and in the provision of services.

The working class has not been the only force behind the expansion of the state's role in these areas. Examples can be cited of capitalists who have supported an expansion of the state's role into a certain area either because of narrow self-interest — access to government contracts, or because government regulation would hamper competitors — or because of some far-sighted recognition of the need to co-opt the working class. However, the major impetus for the extension of the state's role has come from the working class and from the managers of the state apparatus, whose own powers expand with a growing state.

Once working-class pressures succeed in extending the state's role, another dynamic begins to work. Those who manage the state apparatus have an interest in using the state's resources to facilitate a smooth flow of investment. There will be a tendency to use the state's extended role for the same ends. The capacity of the state to impose greater rationality on capitalism is extended into new areas as a result of working-class pressures.

Working-class pressures, for example, might lead to an expansion of educational resources available for the working class, but there is every likelihood that the content of the education will be geared to the needs of accumulation — the production of a docile work force at an appropriate level of skill. Or similarly, working-class pressures might force the government to intervene in the free market to produce higher levels of employment, but the government will use its expanded powers of intervention to aid the accumulation process more generally.

This pattern is not a smoothly working functional process, always producing the same result. First, working-class movements have often been aware of the danger of making demands that will ultimately strengthen a state they perceive as hostile. For precisely this reason, socialist movements have often demanded that expanded social services be placed under working-class control.

However, working-class demands are rarely granted in their original form. Often, the more radical elements of the movement are repressed at the same time that concessions are made. Second, there can be a serious time lag between granting concessions to the working class and discovering ways that the extension of the state's power can be used to aid the accumulation process. There might, in fact, be continuing tensions in a government program between its integrative intent and its role in the accumulation process.

Finally, some concessions to working-class pressure might have no potential benefits for accumulation and might simply place strains on the private economy. If these strains are immediate, one could expect serious efforts to revoke or neutralize the reforms. If the strains occur over the long term, then capitalism faces severe problems because it becomes increasingly difficult to roll back concessions that have stood for some time.

These points suggest that the tendency for class struggle to rationalize capitalism occurs with a great deal of friction and with the continuous possibility of other outcomes. Nevertheless, the tendency does exist because of the particular interests of the state managers. Where there is strong popular pressure for an expansion of social services or increased regulation of markets, the state managers must weigh three factors.

First, they do not want to damage business confidence, which generally responds unfavorably to an expansion of the government's role in providing social services or in regulating the market. Second, they do not want class antagonisms to escalate to a level that would endanger their own rule. Third, they recognize that their own power and resources will grow if the state's role is expanded.

If the state managers decide to respond to pressure with concessions, they are likely to shape their concessions in a manner that will least offend business confidence and will most expand their own power. [They also have the option of responding to pressures through severe repression. The choice between concessions and repression is made by the state managers on the basis of their perceptions of the general environment and their political orientations.] These two constraints increase the likelihood that the concessions will ultimately serve to rationalize capitalism.

This argument suggests that while some concessions will be made to the working class, the threat of a decline in business confidence will block major efforts to rationalize capitalism. Since business confidence is short-sighted, it will oppose even pro-capitalist reform programs if such programs promise a major increase in taxes or a major increase in the government's capacity to regulate markets.

This leaves the problem of explaining the dramatic increases in the state's role that have occurred in all developed capitalist nations during the course of this century. The explanation is that there are certain periods — during wartime, major depressions, and periods of postwar reconstruction — in which the decline of business confidence as a veto on government policies doesn't work. These are the periods in which dramatic increases in the state's role have occurred.

In wars that require major mobilizations, business confidence loses its sting for several reasons. First, international business confidence becomes less important, since international capital flows tend to be placed under government control. Second, private investment becomes secondary to military production in maintaining high levels of economic activity. Third, in the general patriotic climate, it would be dangerous for the business community to disrupt the economy through negative actions.

The result is that state managers have the opportunity to expand their own power with the unassailable justification that such actions are necessary for the war effort. Some of these wartime measures will be rolled back once peace returns, but some will become part of the landscape.

In serious depressions and postwar reconstruction periods, the dynamics are somewhat different. Low levels of economic activity mean that the threat of declining business confidence loses its power, at the same time that popular demands for economic revival are strong. In such periods, the state managers can pay less attention to business opinion and can concentrate on responding to the popular pressure, while acting to expand their own power.

However, there are still constraints on the state managers. Their continued rule depends on their capacity to revive the economy. As government actions prove effective in reducing unemployment, redistributing income, or expanding output, the political balance shifts. Pressure from below is likely to diminish; business confidence reemerges as a force once economic recovery begins. In short, successful reforms will tilt the balance of power back to a point where capitalists regain their veto over extensions of the state's role.

The increased capacity of state managers to intervene in the economy during these periods does not automatically rationalize capitalism. State managers can make all kinds of mistakes, including excessive concessions to the working class. State managers have no special knowledge of what is necessary to make capitalism more rational; they grope toward effective action as best they can within existing political constraints and with available economic theories.

[This was the case with the New Deal. The Roosevelt administration simply stumbled on some of the elements necessary for a rationalization of the economy. The open-ended nature of the process is indicated by the fact that full recovery was not achieved until the mobilization for World War II.]

The point is simply that rationalization can emerge as a by-product of state managers' dual interest in expanding their own power and in assuring a reasonable level of economic activity. The more power the state possesses to intervene in the capitalist economy, the greater the likelihood that effective actions can be taken to facilitate investment.

Not every extension of state power will survive beyond those periods in which state managers have special opportunities to expand the state's role. After a war, depression, or period of reconstruction, the business community is likely to campaign for a restoration of the *status quo ante*. State managers in these new periods will be forced to make some concessions to the business community in order to avert a decline in business confidence.

However, the state managers also want to avoid the elimination of certain reforms important for the stabilization of the economy and the integration of the working class. Self-interest also leads them to resist a complete elimination of the state's expanded powers. The consequence is a selection process by which state managers abandon certain reforms while retaining others. In this process, reforms that are most beneficial for capitalism will be retained, while those whose effects are more questionable will be eliminated. Again, the ultimate outcome is determined by intense political struggle.

The purpose of this essay has been to argue that a viable Marxist theory of the state depends on the rejection of the idea of a conscious, politically directive ruling class. By returning to Marx's suggestions that the historical process unfolds "behind the backs" of the actors (including the ruling-class actors), it is possible to locate the structural mechanisms that shape the workings of the capitalist state. These mechanisms operate independently of any political consciousness on the part of the ruling class. Instead, capitalist rationality emerges out of the three-sided relationship among capitalists, workers, and state managers.

The structural position of state managers forces them to achieve some consciousness of what is necessary to maintain the viability of the social order. It is this consciousness that explains both the reluctance of state managers to offend business confidence, and their capacity to rationalize a capitalist society. However, the fact of consciousness does not imply control over the historical process. State managers are able to act only in the terrain that is marked out by the intersection of two factors — the intensity of class struggle and the level of economic activity.

This framework has implications for a wide range of theoretical and political questions. One of the most critical of these concerns capitalism's capacity to overcome its current economic difficulties. Analysts on the Left have predicted that the forward-looking segment of the American ruling class will favor a further extension of the state's role in regulating the economy as a means to solve the problems of stagflation. This perspective exaggerates the capacity of capitalism to reform itself in "normal" periods, and is unable to account, for example, for the inability of British capitalism to rationalize itself during the long period of decline since the 1950s.

The framework developed here predicts that while the working class and the state managers themselves might favor an expansion of state intervention, business confidence will effectively veto such changes. It is therefore quite possible that the American economy will continue in its present state of crisis for many years to come.

I suggested that *Jacobin* reprint this essay from more than forty years ago because of its relevance for the present. Without explicitly mentioning the New Deal, one part of the article explains why Franklin Roosevelt's reforms were possible despite the powerful opposition of the capitalist class.

In the context of the fight for a Green New Deal to make the US economy environmentally sustainable, egalitarian, inclusive, and racially just, this history is important. It is possible that the global economic crisis created by the COVID-19 pandemic will create a comparable opening for radical reforms.

"The Ruling Class Does Not Rule" put forward a Marxist theory of the state in capitalism that avoided both reductionism and the idea that capitalists possess sophisticated class consciousness. It was written in the context of debates in the pages of *New Left Review* that had pitted Ralph Miliband against Nicos Poulantzas, with the former labeled as an instrumentalist in contrast to the latter's structuralist approach.

If I were to rewrite this article today, there would be many qualifications and modifications as my thinking has evolved. However, the original document is very much a product of the US New Left of the 1960s and 1970s.

When I wrote the essay, I was a new assistant professor of sociology at the University of Pennsylvania. However, I had been actively involved with the student and anti-war movements for ten years, first at Columbia University in New York, and then as a graduate student at UC Berkeley. The war in Vietnam, Watergate, and the 1973 coup that overthrew Salvador Allende's socialist government in Chile were among the key events that shaped my thinking, which had also been influenced by reading the work of Karl Polanyi.

The article's reflections on the New Deal grew out of the dissertation I completed in 1974 that was later published as *The Origins of International Economic Disorder* (1977). That book traced the construction of the post –World War II international monetary system, and explained how that system came into crisis in the 1960s, as the United States waged war in Southeast Asia.

In researching Bretton Woods and the creation of the International Monetary Fund, I had to make sense of FDR's New Deal. The particular puzzle was that Roosevelt's Department of the Treasury was different from previous and subsequent Treasury Departments, in the sense that it was not dominated by people from the financial industry.

The explanation was that at the start of his administration, FDR had the freedom to appoint his Dutchess County neighbor and friend Henry Morgenthau as Secretary of the Treasury because Roosevelt did not face the ordinary constraints that impinge on newly elected liberal or left-wing heads of government. Democratic Presidents in the United States, as well as elected leftists in other nations, ordinarily have to signal to the financial markets — both at home and abroad — that they will avoid pursuing policies that will undermine business confidence.

This is usually done by appointing figures with conventional financial experience to key government posts. Even Nelson Mandela had to reassure the business community he would not pursue the radical reforms that the ANC had long promised its supporters.

But with FDR, the depth of the global depression meant that he could appoint an unorthodox Secretary of the Treasury. Morgenthau and Roosevelt quickly took the heretical step of taking the United States off the gold standard, as a way to gain even more freedom of maneuver in economic policy.

Under normal circumstances, such a decision would have led to massive capital flight, but in 1933, even with Roosevelt's unorthodox policies, the United States was still considered a safe haven for those with capital. Neither foreign nor domestic asset holders were ready to shift their investments to less-stable nations overseas.

As a consequence, when Roosevelt faced powerful pressures from radical movements, his administration was able to respond with the bold experimentation that durably changed US society. While the United States lagged behind Western Europe in the provision of old age pensions and unemployment insurance, it caught up with the passage of the Social Security Act. The National Labor Relations Act facilitated the successful unionization of heavy industry, and various regulatory measures significantly constrained the power of big business and Wall Street.

The cumulative result was a significant reduction in the inequality of income and wealth. There were, of course, significant failures: New Deal reforms left most of the existing racial and gender hierarchies untouched. Nevertheless, the significance of what the New Deal accomplished has been reinforced by watching the right wing's tireless efforts over forty years to dismantle all traces of its legacy.

The relevance for our times is clear. If the Democratic Party wins the presidency and control of Congress in November 2020, the new administration would face an opportunity similar to Roosevelt's. The normal structural pressures to pursue an orthodox pro-business agenda would be much weaker, because the world economy will still be in a downturn, and the United States would still be a relatively safe haven for capital. Were that new administration to be faced with powerful pressure from social movements, both in the streets and in Congress, it could be forced to enact a radical and inclusive version of the Green New Deal.

Moreover, the usual mantra that blocks reform initiatives would be much weakened. The right and center insist that we cannot afford the massive investments required to radically reduce our use of fossil fuels, or to provide decent housing, education, and medical care for everyone. But what we have already seen in the COVID-19 crisis is that governments and central banks around the world have started printing money to cover the costs of keeping people employed, supporting the unemployed, and providing the health care and supplies required to fight the pandemic.

While conservatives and financiers will surely try, it will not be easy for them to explain why governments and central banks cannot continue printing money to finance the productive investments needed to rebuild the economy.

Yet printing money is not enough. It is also essential that the reform agenda include a radical overhaul of the tax regime. The fundamental reality of the last forty years is that the share of income (including capital gains) going to the top 10 percent of households has increased from 34.6 percent in 1980 to 50.5 percent in 2018.

This appropriation of an additional one-sixth of all income by the top decile has produced a deepening of poverty, stagnating incomes for working people, greatly increased economic insecurity, and the hollowing out of government capacities at local, state, and federal levels. Reversing this resource grab is essential for the long-term success of a Green New Deal.

But of course, this theoretical exercise does nothing more than identify a possibility. Whether anything comes of it depends on the relative strength and sophistication of contending political forces. But we also know that time is running out. There are only about ten years left to avert a catastrophic rise in global temperatures.

Moreover, if Biden wins in November, but he is unable or unwilling to go beyond standard centrist Democratic policies, the chances are high that the Republicans will regain the Presidency in 2024, with a candidate who moves in a reactionary and authoritarian direction with far greater skill and ruthlessness than Donald Trump.