

State, society and economy: the relation between them- as attempts of mutual control- throughout their historical evolution from the 18^o century until today.

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One of the oldest issues which, throughout the years, really concerned social science is the one of the relation between economy, society, politics and state. Herewith is a close examination of such relation throughout its evolution.

Economy and Society are not just institutional transformations of regulative nature. They also do not impose, with the help of a legal system, their will, their regulations or their demands on people. The State on the other hand works in the exact opposite way.

In addition, the society, as much as the economy, is a relatively independent institutional reality – as it is the state. And that means that their operation is managed by an important degree of regularity, provision and cause.

At the same time, exactly as it happens within the state, they both include a wider total of partly social or economical institutions - for example the Stock market, the Bank system and the different kinds of markets or institutions such as family, relatives and customs or social ceremonies (to refer to what anthropologists¹ in particular are concerned with). Nevertheless, the society, as much as the economy, is supposed to be a liquid and unpredictable reality compared to the State. This is an important element that society and economy share. Besides, it is not chance that within the meaning *civic society* as it was defined by Hegel² and used by Marx³ too, the economic and social field are approached almost in one way and differentiate from political-state which is often called *political society*.

On the other hand, we can assume that the State and mainly the Government, operates consciously, run by the intentions of its governmental officers. Contrary to this, the society almost never does it operate in such way. Thus, the state's "behavior" may depend on the behavior and choices of the people participating in it. Besides, everyone, people and groups, demand from the State and each government to look

¹ See for example Gordon Marshall, *Concise Dictionary of Sociology*, Oxford University Press, Oxford-N.Y., 1996, p. 482.

² See Gordon Marshall, as above, pp. 55-56.

³ See Nicholas Abercrombie, Stephen Hill and Bryan S. Turner, *Dictionary of Sociology*, Penguin Books Inc., USA, 1994, p. 56, David Jary & Julia Jary, *Dictionary of Sociology*, HarperCollins, Glasgow, 1995, pp. 76-77.

after the society's reproduction, to eliminate poverty, to redistribute wealth, to protect the environment and so many more.

Beyond the State though there is also politics. What is politics? It's the result of the tries, the efforts and attempts of the society and of the various groups and the people. The tries to orient the State and govern to the direction they wish in order to serve their interests or in many cases to materialize all they think should be done so that to serve what we call *public interest*. (So, politics is nothing more than a field of relations, interactions, deliberations, agreements, alliances and also disputes, disagreements and smaller or bigger conflicts, between individual and collective subjects, on the canvas of care for all, for some vital interests of theirs – many of which are financial- and at the background of some discourses relevant to specific ideas and beliefs that concern the general benefit of the wider integration.)

Now, the State, in order to operate needs resources from the economy, as all institutions of practicing power of the state –Tax authorities, army, police etc- need money to cover their expenses (for personnel wages and other operational costs). Therefore, one kind of relation that the State develops with the Economy is one of providing financial resources one to another for the needs of the first. And when we refer to economy we always refer to economically active people.

The State must be able to control the reactions of the people whom it receives its operational resources from, and also be in position to preserve itself in time and not fall apart by the reactions of the society and of the citizens because of all it imposes on them. That is, it must be able to control the society as well as the economy. (It should be noted that it is not just money that the State takes from people but also their existence – e.g. the military service of male citizens which for many years many national⁴ states/countries have applied and on which they have based their domination on other countries. Besides, as Foucault had said, modern State (the kind that rose from 18th century onwards) and power of the state try, and succeed in it up to a point, to control-directly and indirectly- even our body not only as its materiality is concerned (e.g the imprisonment of our body in jails⁵, asylums, mental hospitals⁶, the

⁴ See about these, Iain McLean, *Concise Dictionary of Politics*, Oxford University Press, Oxford-N.Y., 1996, pp. 331-332.

⁵ Michel Foucault, *Discipline and Punish: The Birth of the Prison* (trans. Alan Sheridan), Vintage Books, USA, 1999, pp.3-31 (especially p.11).

⁶ See in Michel Foucault, *Madness and Civilization: a History of Insanity in the Age of Reason* (trans. R.Howard), Vintage Books, USA, 1988 - especially in the 3rd and 10th chapter and the conclusion.

fenced yards of our schools as far as the students are concerned etc), but also on its reproductive ability and sexual behavior⁷ up to a certain degree.

It is not but in very few situations and in very few or short periods of time that the state could literally control economy. However it has for centuries now been significantly affecting economy and at the same time exercising a medium control through taxes or its tax and tariff policy and also through trying to locate the financial illegalities in the market, in financial co-operations and in transactions (e.g. smuggling and business people's frauds). Finally, the state exercises a specific kind of influence on the economy through its economic policy.

While though the so called modern and/or innovative state, since its formation and until the first five years of the 21st century, could control relatively effectively the society and the economy and as a result a great part of human actions and activities, it has proved today that it is rather difficult to control the economy. In society the situation is not better either, as it has been proved that most countries cannot reduce some classic and as old as the earth social problems, although a few decades ago they seemed to have been dealing with them a lot more effectively (e.g. poverty, crime and all issues of public order and security). So, from the second half of the 17th century onwards, although the State started to grow up and mature in a way that made it powerful towards the citizens, the society and the economy, today it has become prey to economy and a victim to its crisis.

More specifically, the State was originally used as economical ruling class's tool (as the so called State's instrumentalism⁸, which is expressed by Marx and by the posterior Marxist, Miliband⁹). But after World War II aspects were developed according to which the State enjoyed a kind of independence from the economy, from the powerful people's interests and also from the influence of the financially dominant classes – as mentioned in Poulantza's theory for the so called *State's relative*

⁷ See in Michel Foucault, *La volonté de savoir*, Gallimard, France, 1976. The entire book refers to the control that the state exercises on human sexuality. Specific reference is about how this control concerns our body see pp. 167, 183, 184, 185, 192, 200. While on pp. 64, 184, 185 also refers to school as one of the means through which this control is being exercised.

⁸ See about this Nicos Poulantzas, *State, Power, Socialism* (trans. Patrick Camiller), Verso, London, 1980, pp. 12, 129 and Nicos Poulantzas, *Classes in Contemporary Capitalism* (trans. David Fernbach), Verso, London, 1979, p. 128.

⁹ See Ralph Miliband, *The State in Capitalist Society: The Analysis of the Western System of Power*, The Open University, G. B., 1977, pp. 23, 45.

*autonomy*¹⁰. That is, it has followed a historical course of gradual liberation and autonomy from economy and society. Besides, only if it secured such independence it could control the society and the economy freely, since anyone can realize that no one dominates something if they have not first been detached from it. In addition, if it kept a relationship with some social class, the rest would under no circumstances consider the power exercised on them as legit, resulting in not accepting it in any case. So, it couldn't impose itself neither on the class having a privileged relationship with, nor on the rest of them, as it would have faced their constant doubt and reactions.

As for the means and methods that the State tried to control the society and economy with, and handle issues at the same time, these should be central by planned and organized (both meanings come from the science of management), and concern-mostly the first- governing countries of existing socialism and the so called state intervention. In fact such intervention is structural and a crucial element of the politics that the modern state exercises, mainly at the decades of the 20th century and onwards. While of course it has been the main element of the way of exercising power in the “left”, socialist and communist countries of the world. The modern state though that dominated in the 20th century interfering into society and economy, was the one called welfare state¹¹. It started being structured gradually after the global economic crisis of 1929-30¹², following the economy and society's demand to begin interfering into the financial life in a way that will prevent, if not the repetition of a crisis similar to the one of 1929-30, at least the absolute or great poverty of those that will be hit in the future by such a big international and generalized economic crisis.

From the moment the State started trying to control economy, which is based on the international trade or capitalism (from the time of mercantilism¹³ onwards) until the end of 1970s, this effort has been successful. And its success was in that when it started trying it was already an “old”, therefore mature, capable, with practiced skills and experienced, institution. After all organized state authority is an ancient phenomenon. On the contrary, the free – and based on banking and

¹⁰ See about this Nicos Poulantzas, as above, pp. 158-159 and Nicos Poulantzas, *State, Power, Socialism*, as above, p. 128.

¹¹ See in Iain McLean, as above, pp. 526-528, Ian Gough, *The Political Economy of the Welfare State*, Macmillan Publishers LTD-Houndmills, Basingstoke, Hampshire and London, 1979, pp. 1-3, 44-49, 55-69 and http://en.wikipedia.org/wiki/Welfare_state

¹² See in the same. See for this Crisis James Foreman-Peck, *A History of the World Economy: International Economic Relations since 1850*, Wheatsheaf Books Ltd, G.B., 1983, pp. 213-222

¹³ See about mercantilism Iain McLean, as above, pp. 319

trade/commercial system- capitalistic economy of the modern era was born just a few years after the industrial revolution¹⁴. Therefore it has always been younger than the State and inexperienced and that is why it couldn't effectively resist against the latter's guardianship.

However, interferences that partly control economy exist until today – at least in the western world and in democratic countries – in favor of the society. So, the welfare state, which is the most characteristic form of state in the 20th century, is a particularly interventional one, at least whereas economy is concerned, as if it does not interfere in the citizens' financial activities, it cannot secure the financial resources that will allow it to operate literally as a *welfare* state –as a state that intervenes to secure if not a true prosperity, at least relatively dignified living conditions.

The economy of capitalism though did not last this state control and found a way to take vengeance against these practices that the state had been applying rather successfully “on its expense” until the 1970s.

More detailed, the situation is as follows: The State rested on its power and on the reproduction of that power throughout the decades. Reinforced by the legal system, which in general was enacted by the same state officers (the well known issue of the administrative's domination on the expense of the legal power) and having in their disposal the monopoly of legal use of violence, as Weber¹⁵ first stressed, felt secure and satisfied. What is more, even its administrative system, bureaucracy -as also first mentioned and analyzed by Weber¹⁶-, was a completely invulnerable and impersonal mechanism of implementing the state commands and will, capable to stop all efforts of the society and the citizens to alter it (similar characteristics are seen in “the Trial” by Kafka).

Economy though on the other side was constantly in motion. The most important and most powerful officials of economy are distinguished in two kinds: those who serve production and commerce and those who serve the banking system.

¹⁴ See about Industrial Revolution in E.J. Hobsbawm, *Industry and Empire: From 1750 to the Present Day*, Penguin Books N.Y. 1984, pp. 56-78.

¹⁵ See H. Gerth and C. Wright Mills (edited and translated), *From Max Weber, Essays in Sociology*, Routledge and Kegan Paul, London, 1970, p. 78 (: “a state is a human community that (successfully) claims the monopoly of the legitimate use of physical force within given territory.”), Gordon Marshall, as above, pp. 35-36, Nicholas Abercrombie, Stephen Hill and Bryan S. Turner, as above, pp. 37-39, David Jary & Julia Jary, as above, pp. 55-56.

¹⁶ Max Weber, *Economy and Society* (edited by G. Roth and C. Wittich), University California Press, Berkeley – Los Angeles – London, 1978, pp. 217-226

The World Wars, the two main events of the 20th century, made people of production and commerce constantly and intensively occupied in finding ways to develop the economy as the wars caused an enormous crisis in the market of products – (with the exception of weapons). So, especially after World War II people of economy using all their inventiveness and industriousness managed within a few years to achieve such recovery, so that they led the 1960s into a new phase of overproduction. Of course, they were helped by the society which had an absolute need of products, dreams, hopes and “possibilities” and also of social projection through consumption and possession or use of specific products of social radiation. And it is easily understood the need for social making of all those that the 2nd World War crashed and convicted into invisibility and ultimate social depreciation. (If the economy does not work with the society, or if it does not find a way to satisfy some real and vital needs of the society, it can neither progress much, nor for long. Something similar is taught by the science of marketing which deals with the consumer’s needs that each product in the market shall cover- and that is why marketing is the science that concerns designing and creating such products that indeed satisfy the needs of the consuming public¹⁷.) Beyond that, this huge mental vigilance of the people in commerce and production led to the creation of the marketing science during the first decades of the 20th century¹⁸, which was targeting at the increase of profits and sales of the products that businesses were making. It developed mostly after 1950¹⁹.

For the other category of the powerful people of the economy, those controlling the banking system the situation was as this: The large international Banks, especially after World War II, taking advantage of the financial collapse of many countries due to the War, spread their business into the field of state loans and Government financing, thus entering more dynamically than before the war. This is how the mortgaging of the countries’ future began into the economic and mainly in the financing system and the shareholders (especially the major ones) of the (international mostly) Banks!

Therefore, the economy and the economic system having started to control the countries’ chances to survive financially, methodically started organizing the

¹⁷ See Philip Kotler, *Marketing Management: analysis, planning and control*, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1980, pp. ix, 19-20.

¹⁸ <http://people.missouristate.edu/ChuckHermans/Bartels.htm>

<http://www.knowthis.com/principles-of-marketing-tutorials/what-is-marketing/history-of-marketing>

¹⁹ See the same.

“revenge” against the modern state, which as mentioned before was charged with the crime of attempting (and almost succeeded in it in the decades before) to control economy and get money from it through taxes, duties and public investments²⁰.

Nowadays, the era of the State’s dominance on society and economy or economic activities has been followed by an era in which economy and banking system are against the state. And that was done in such a way that in many cases it allows the economic and mostly the international banking system to control the national governments and countries (if not some Governmental and non-governmental international Organizations as well).

Therefore, we now live in an era where the State has lost part of its autonomy which used to have, according to Poulantzas. But at the same time it has lost its role as a welfare state, since it interferes less and less in the socioeconomic scene. Consequently, it has significantly limited its role²¹ in offering such living conditions, so that wider population masses do not face the risk of living in poverty. That way it has stopped operating as a means of security for its citizens, especially the ones having the need of their fellowmen. Meaning that support agencies such as social security funds, institutions of providence and structures that support the orphans, the poor, the homeless, the disabled, the abused women, the unemployed etc. and all those who run the risk of living in conditions of social exclusion have stopped offering their services. The problem though is that we have not just gone through an era of limited safety and a decline of the structures and social security institutional systems, but in an era of massive and diffusible insecurity. And this insecurity, very often, very easily, under the weight of usually unpleasant circumstances and due to globalization, affects the masses even in a symbolic psycho-emotional level mass populations living in different countries (because of the new digital Media domination) and there is intense phobia or hysteria. The factors that push further this insecurity and have to do with massive phobia and massive hysteria are unfortunately many today, e.g. nuclear or maritime accidents that cause huge environmental pollution or terrorist attacks. But frightened people may cause phenomena of ochlocracy. And these phenomena are very serious because they damage the quality of democracy, as a scared citizen cannot operate calmly and think rationally, as a

²⁰ For the increase of the economic functions of the state in the 2nd half of the 20th century see Nicos Poulantzas, *Classes in Contemporary Capitalism*, as above, pp.80-81.

²¹ Ian Gough, as above, pp. 128-140.

mature citizen. Therefore, we refer to operation conditions of a risk society-according to Beck's analysis²²- members of which feel a permanent fear, not only from undefined factors but also from specific ones. Its insecurity caused by an asymmetric threat²³ as we often say. This is why the last decades the part of every kind of insurance companies and organizations has been upgraded as the need and effort of people to restrict their insecurity has risen.

The more people feel threatened by some important dangers within public scene the more they believe the State should help them through benefits and mainly services – as social security – that are part of welfare state. That, however, as mentioned before has declined and declines more nowadays. For that the situation is particularly problematic and hopeless. In addition, the more conscious and aware people are of the possibility there is to fall victims of any time of a social, economic or environmental crisis that will crash them, the more they accelerate the liquidity of the social links and relations, according to the meaning given by Bauman²⁴, which are in any case liquid since the day we entered the post-novelty era. Therefore we stand before a vicious circle!

After all, does the “liquid” world, created on the bases of such relations and structures, keep track in time in relation to the past of the social universe and scene, which appears as a kind of regress? But such a movement is not considered by the thinkers of the School of Frankfurt²⁵ in their work “The Dialectic of enlightenment” to be made by civilization, when they believe that from the time of Enlightenment we go over to the era of Mythology²⁶? Such an orbit of the social movement of time refers to something that the first social anthropology proved and further revealed: the circularity of the social time. The circular time though can be “read” in two ways: either it does never lead to wear and senescence/old age, since it returns periodically to the places it has been or it never leads to progress- at least in macro-time – since it

²² See Ulrich Beck, *Risk Society: Towards a New Modernity*, Sage Publications, London, Thousand Oaks, New Delhi, 1994, pp. 21-24, and also the entire book.

²³ See about this <http://www.au.af.mil/au/awc/awcgate/sa98/sa98ch11.htm>
<http://www.meforum.org/1696/asymmetrical-threat-concept-and-its-reflections>
<http://www.almc.army.mil/alog/issues/JulAug01/MS628.htm>

²⁴ See Zygmunt Bauman, *Liquid Love - On the Frailty of Human Bonds*, Polity Press, Cambridge, 2004, especially p. viii.

²⁵ See Gordon Marshall, as above, pp. 101-103, Nicholas Abercrombie, Stephen Hill and Bryan S. Turner, as above, p. 173, David Jary & Julia Jary, as above, pp. 242-243

²⁶ See Theodor Adorno and Max Horkheimer, *Dialectic of Enlightenment* (trans. J. Cumming) Verso, London, 1979, pp. 34-41. But Beck also refers to something relevant, as he thinks that within risk society there is deal damage and insecurities that are cause by the procedure of modernization itself (Ulrich Beck, as above, p. 21).

does never go straight ahead – meaning it does never lead humanity away from the field and place in which it moves and operates. On the contrary, the linear unfolding of time of the western societies, never returning to the places it has been, leads directly to wear, while in addition it does never give people the chance to improve the way they shape their living conditions, since it does not give the possibility to redo the same things they have done into their recent past. This kind of time though leads- at least according to what the western way of thinking has taught us and the western culture made us to believe - to the progress and evolution – that is, by definition, into something positive!

In conclusion, how do we choose to interpret after all the movement that the society of the 21st century deletes in relation to that of the 20th? Positively or negatively? As a half full glass or half empty as the very common and entirely to the point saying? The choice is yours to make.

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