



## Understanding Capitalism

*Crisis and passive revolutions*

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*Publication date:*  
2001

*Document Version*  
Publisher's PDF, also known as Version of record

[Link to publication from Aalborg University](#)

*Citation for published version (APA):*

Li, X., & Hersh, J. (2001). *Understanding Capitalism: Crisis and passive revolutions*. Institut for Historie, Internationale Studier og Samfundsforhold, Aalborg Universitet.

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# **Understanding Capitalism: Crisis and Passive Revolution**

**Li Xing and Jacques Hersh**

DEVELOPMENT RESEARCH SERIES  
RESEARCH CENTER ON DEVELOPMENT  
AND INTERNATIONAL RELATIONS (DIR)

WORKING PAPER NO. 96

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Research Center on Development and International Relations (DIR)  
Aalborg University  
Denmark  
Development Research Series  
Working Paper No. 96

ISSN 0904-8154

*Published by*  
DIR & Institute for History, International and Social Studies  
Aalborg University

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*Lay-out and wordprocessing*  
Jette Jensen Al-Naseri

*Print*  
Centertrykkeriet, 2001

*The Secretariat*  
Research Center on Development and International Relations  
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# Understanding Capitalism: Crises and Passive Revolutions<sup>1</sup>

Li Xing and Jacques Hersh

## **Abstract:**

*This paper has two objectives: First, it attempts to provide a framework for understanding capitalism's resilient adaptability by analyzing the roles of liberal democracy and ecological environmentalism. Both are conceptualized as capitalism's passive revolutions in response to emerging crises – processes of constituting and reconstituting conditions for production and reproduction. Liberal democracy is seen a political restructuring strategy aiming at producing social control with less coercive measures as well as depoliticizing social contradictions and economic crises. Ecological environmentalism is argued to be capitalism's ecological restructuring attempt at the economic level in order to rescue an economic system at an impasse and to resolve the contradictions between production relations/forces and the externalities of production.*

*Second, the second aim is to conduct a critical analysis of what are considered to be passive revolutions taking place within capitalism in order to uncover hidden mystifications, contradictions and distortions in the promotion of certain policies, practices, values, cognitions and symbols which are considered to be supportive of the existing political and economic system. The working assumption is that, due to capitalism's modus operandi, which is primarily based on capital accumulation, democratic principles and environmental concerns will eventually have to submit to this inherent imperative.*

**Key words:** passive revolution, capitalism, crisis, democracy, ecology, environment, contradiction

## **Introduction**

Turbulent transformations and dramatic changes have taken place in the world since the end of the Cold War: the dismantling of socialism in Eastern Europe; the disintegration of the USSR; the collapse of communist-led regimes in many parts of the world and the process of restoration of capitalism in China, Vietnam, etc, constitute an important setback for socialism. These developments are giving rise to profound political, economic and social changes on a

global scale. Paradoxically, this favorable evolution for capitalism has nevertheless brought about a renewed ideological and political offensive against Marxism and socialism. Gloating over these developments, ideologists unleashed a discourse relegating Marxism and socialism to the dustbin of history by proclaiming capitalism as the end of human social evolution (Fukuyama 1989, 1992).

Although the Marxist analysis of the development of capitalism, with insight into its inherent contradictions resulting in recurring crises, was vindicated by the evolution of the 20th century, capitalism has been able to pull out of recurrent crises. This is especially true seen from the perspective of the historical experience of the developed West where capitalism survived severe economic crises.

As a matter of fact, historical capitalism has experienced periods of discontinuous change, which has been more typical than the “brief moments of generalized expansion along a definite development path like the one that occurred in the 1950s and 1960s” (Arrighi, 1994:1). In modern times, capitalism underwent constant reforms and transformations from laissez-faire capitalism to a more regulated system, such as Keynesianism, New Deal, welfare state, etc. based on controlled and rationalized production (Fordism). The far-reaching modifications in the economic and political realms showed the adaptability of the ruling classes in the acceptance of partial solutions to defuse emerging societal contradictions. The concessions thus intended to promote general consensus or consent through which social control is maintained. Politically, social consent is believed to have its root in the system of democratic institutions and liberal ideology through which exchange of ideas between the population and the state aims at maintaining social and political stability. In this way, the social order, which the bourgeois ruling class has created and recreated in a web of institutions, social relations and ideas, represents a basis of consent (Bottomore, 1983: 201).

In the view of classical Marxism, there are basically two sources for the process in which the continuity of capitalism as well as the legitimization of its political institutions are realized through the successful reproduction of the conditions for the accumulation of capital (Martin, 1997: 37): First, at the structural level, reproduction is based on a process of extracting surplus value from producers which is converted into capital. Second, at the political level, in order to neutralize antagonistic tendencies which might affect the reproduction of capital, the bourgeois state with its class representatives in the highest position use ideology as an instrument to influence the working population. The former will always remain basic since

without surplus extraction the capitalist system cannot survive, while the latter can be extended to include other explanatory parameters.

For instance, a related perspective in understanding capitalism's realization and maintenance of its economic and political order relies on the analytical framework embedded in the notion of *passive revolution* (Gramsci, 1971). The concept explains the tendency as well as the process in which capitalism (the dominant classes) responds to an organic crisis by implementing political reforms, economic restructuring as well as social reorganization in order to sustain the dominant mode of production and reduce the potentials for radical revolutionary changes. The concept of passive revolution implies the recognition that "no social formation disappears as long as the productive forces which have developed within it still find room for further forward movement" (Buci-Glucksmann, 1979:207). It is indeed in order to attain such space – a permanent process of political and economic recomposition of conditions and relations of production and reproduction – that capitalist society cannot achieve complete stability but is characterized by an everlasting on-going crisis-solving process.

Contemporary capitalism, especially in advanced industrial countries, seems so far to have been able to prevent political, economic and social conflicts from reaching the level of legitimation crisis<sup>2</sup>. In this sense, the resilience of capitalist hegemony can be understood as not only based on "the ability to prevail in conflict" but also on the "ability to mold the ways in which actors understand any potential conflict" (Ross & Trachte, 1990: 9). A social or political crisis including economic and ideological elements does not signify a total breakdown of society if it is controlled at a certain level. Under certain conditions, a crisis implies a necessity to reorganize society, in other words, to recreate conditions for production and reproduction. But in a capitalist society social reorganization (e.g. political and economic restructuring) is often realized by containing contradictions within new forms of relations rather than by resolving them.

#### *The aim of this article*

This article proposes to discuss modern capitalism in the context of its crisis tendency and the strategies of crisis management. First, the attempt is made to provide an analytical conceptualization of *passive revolution* by looking into liberal democracy and ecological environmentalism. Both are seen as reformist efforts in responding to emerging crises. Liberal

democracy, it is argued, represents the restructuring of capitalism at the political, ideological and social levels with special focus on the notions of justice, rights, equality, and freedom. What is involved is a reciprocal and dialectical reform process of compromises and negotiations aiming at producing social control with less coercive measures while simultaneously depoliticizing social relations and contending forces.

Likewise, ecological environmentalism (hereafter eco-environmental or eco-environmentalism) is understood to be the restructuring process of capitalism at the economic and ideological levels. It is the latest effort of capitalism to rescue the economic system in its impasse. Moreover, it is an attempt to resolve the contradiction between production relations/forces and the externalities of production (social and natural environment) by modifying the conditions of production in order for capitalism to continue to retain legitimacy as a viable and sustainable socio-economic system.

Second, the objective of the article is to critically analyze these passive revolutions in order to uncover their mystifications, contradictions and distortions in promoting social acceptance of certain policies, practices, values, cognitions and symbols supportive of the existing capitalist political and economic system.

The assumption behind the discussion is that, due to the categorical imperative of the capitalist mode of production, which is fundamentally based on maximization, accumulation, and expansion of capital, democracy and eco-environmentalism will eventually have to yield to the rules of the system's *modus operandi*. For each recovery of capitalist crisis resulting in its further advance, a foundation for new and more serious contradictions and crises is created.

### **The economic system of capitalism**

Understanding capitalism methodologically owes very much to classical political economy whose mixed lineage descends from radical thinkers such as Karl Marx as well as from more conventional precursors of modern economics such as Adam Smith and David Ricardo. Yet, the classical political economists shared an acceptance of the value-laden character of economics and would have considered unacceptable the 20th century separation of politics (in a broad sense) from economics (viewed as a purely scientific enterprise) (Greenberg and Park, 1994:8)

Epistemologically speaking, the Marxist tradition has showed the way to study the social formation of capitalism by placing the accumulation and realization of capital as the object of inquiry. Marx spent a great part of his life in studying how the economic system of capitalism emerged historically, and how such a system contrasted with other modes of organizing societal productive forces. According to his conceptualization, human societies developed or evolved through several stages with each having its specific mode of production or system of economic, social, political and other relations including social divisions. From the Marxist perspectives, the capitalist system can be described as a unique mode of production whose internal logic revolves around capital accumulation as the determinant characteristic shaping societal arrangements, social relations and expansion:

Capitalism is a system in which goods and services, down to the most basic necessities of life, are produced for profitable exchange, where even human power is a commodity for sale in the market, and where, because all economic actors are dependent on the market, the requirements of competition and profit maximization are the fundamental rules of life.... It is a system in which the bulk of society's work is done by propertyless laborers who are obliged to sell their labor power in exchange for a wage in order to gain access to the means of life. (Wood, 1999:2)

The constant drive to accumulation under capitalism transforms the means of production from a process of satisfying human needs to becoming an instrument of the accumulation process. As formulated by Heilbroner:

Physical capital loses its meaning as an object of use-value to gain a new meaning as a link in a chain of transactions, the purpose of which is the enlargement of exchange-value (itself a term that connotes a specific, although not exclusively capitalist, social setting). This circuit of M-C-M' (where  $M' > M$ ) is the self-replicating genetic unit of capitalism. (Heilbroner, 1995:23)

The M-C-M' formula through networks of exchange taking place in the market is the basic process of capital and wealth accumulation.<sup>3</sup>

#### *Understanding the market*

The capitalist mode of production is very different from all preceding ways of organizing

material life and social reproduction. It is distinctive in the way that economic relations (actors and institutions) are separated from non-economic relations – the distinction between a society with market and a *market society* (Polanyi, 1957). Market society means that society itself becomes an “adjunct” of the market. And a market economy can exist only in a market society because in such a society social relations are embedded in the economy rather than the reverse, i.e. an economy embedded in social relations (Wood, 1999:21).

A market economy is characterized by the fact that it is directed, controlled and regulated principally by the market mechanism. Values are economically based on calculations with little consideration to activities outside the market framework. In the view of Adam Smith (1776-1790), equilibrium within the market is achieved through the self-regulating mechanism, which derives from the expectations that each individual is driven to pursue his/her own self-interest. Labor, land and environment are viewed as tradable commodities and human beings are seen as producers and consumers. Freedom is reduced to the right to choose among competing alternatives, and progress is assessed in terms of economic growth and wealth accumulation. Hence, in comparison to pre-capitalist societies, “it marks the creation of a completely new form of coercion, the market - the market not simply as a sphere of opportunity, freedom and choice, but as a compulsion, a necessity, a social discipline, capable of subjecting all human activities and relationships to its requirements” (Wood, 1995:252).

The market has become the central category and the hollow core of the discipline of economics. Blaug claims that, “The history of economic thought ... is nothing but the history of our efforts to understand the workings of an economy based on market transactions” (1985:6). Rule also points out the importance that the phenomenon plays in the modern mindset, “When historians of ideas go to work on the last decade of the twentieth century, the market will surely appear as one of our intellectual totems. What the Rights of Man were to the French Revolution – or what Manifest Destiny or the quest for the Kingdom of God on Earth were to their times – the market is to our own” (1998: 29).

In the process of having achieved a hegemonic position within economics, operations and interactions within the market are seen as being value-free and objective, implicitly suggesting that the market cannot be judged against normative understandings of value. Harvey Cox (1999) observes that, in many ways there is a strong resemblance between the Western theological doctrines of religion and the modern market ideology in which the

almighty market, like God, is *omnipotent* (possessing all kinds of power), *omniscient* (having all knowledge), and *omnipresent* (existing everywhere). In the view of the Central American Jesuit theologian and philosopher Franz Hinkelammert, the market is raised to a holy status level so that it can “judge over life and death but cannot itself be judged in terms of the effect it has on the life and death of every individual” (quoted in George and Sabelli, 1994: 96).

Accordingly, the market has theologically been raised to a status of natural law. In the words of a Protestant thinker, “The laws of the market ... come to be seen as transcendent, [undergoing] a process of sociological sacralization. Not only are they given a higher status, they actually become untouchable, like the laws of nature” (quoted in *ibid*: 96-97). Thus, the market is regarded as a theological doctrine with religious quality. It is treated like a science – an organized system of explanations to make sense of the real world and life. In this way, the market as a ‘invisible hand’ is like the hand of God holding the final truth of all interactions and phenomena in the world.

The free market is concerned exclusively with capitalism both as a mechanism of exchange and allocation and as a regulator of human and social relations. The free market is not the outcome of a neutral and value-free genesis. Rather, it has historical roots embedded with and shaped by particular cultural and religious norms and values that in return promote particular ideologies, preferences, values as well as unique forms of human interactions and social relations (Bowles 1991; Berger 1998).

#### *Embedded contradictions and crises of capitalism*

According to classical Marxist theories, the M-C-M’ equation contains many inherent contradictions as well as crisis tendencies, such as realization crises, eco-environmental crises, and overproduction crises, etc. Realization crises refer to the failure of capitalists to realize their expected profits. A systematic realization crisis occurs when a large number of capitalists fail to earn their profits (M’). Realization and overproduction crises are rooted in various elements, such as the anarchy of production (which is primarily based on profit rather than social needs). The former is especially embedded in the contradiction of capitalism’s crisis-generating nature, i.e. *the law of the tendency of the profit rate to fall*. The eco-environmental crises of capitalism refer to the unsustainable relationship between capitalism and nature; i.e. the capitalist system’s mode of functioning is incompatible with eco-environmental sustainability. Due to its inherent systemic motion, nature cannot escape

becoming profitable commodity. In order to sustain the functioning of the mode of production even at the cost of endlessly extracting value from all production factors including nature, the tendency to exploit the environment becomes an integral part of the capital accumulation process. It is asserted that “the normal course of social production inexorably destroys the natural basis of society ... breaking down in a proliferating and incalculable way across multiple ecosystems” (Kovel, 1997: 6).

When competition is driven for profits and becomes the only means for survival, the capitalist system makes market actors dependent on an endless process of capital accumulation. And when competition for profits becomes the basis of material creation of a society, this motivation also becomes intrinsic to social relations exerting political and cultural implications. This is because once competition becomes systematic, “This interaction of class and competitiveness created not just an economic system, but a social system: what happens in this kind of economy tends to dominate every aspect of our lives” (Hargrove 1995: 2).

Although, as mentioned the capitalist economic system constantly faces recurrent crises, a distinction should be made between partial crisis and total breakdown. The former refers to a periodic realization crisis, which is an endemic feature of capitalism; and the latter refers to a serious collapse which undermines the organizational principle of a capitalist society, thus destabilizing the societal relations behind economic and political activities, leading eventually to the revolutionary transformation of the social formation (Bottomore, 1997:118). The political consequences of a systematic breakdown of a society are fierce class struggles and deepening of what Habermas (1976) identified as the “crisis of legitimacy.”

To avoid the possibility of a societal breakdown and in order to sustain the continued existence of the capitalist mode of production, political legitimization depends on the reproduction of two conditions: 1) at the economic level, reproduction has to continue in an uninterrupted process of extracting surplus values from/through, for instance, labor, technology and nature; 2) at the political level, legitimacy is maintained through continuous readjustments, reforms, reorganizations and restructurings through decentralization, democratization, ideological penetration, welfare policies, etc in order to contain antagonistic tendencies which might otherwise affect the reproduction of capital.

Therefore, it is important to analyze and understand the factors and mechanisms in connection with capitalism’s endeavor to overcome various crises through political and economic

reforms. And it is equally important to explain and uncover the mystifications and distortions behind these reforms.

### **Capitalism's political restructuring: liberal democracy**

Capitalism, like all other social systems, requires a social structure of vertical and horizontal order. In this scheme the market economy represents the vertical order, whereas democracy represents the horizontal order. The fundamental task of the capitalist political order is not only to protect the economic arrangement through laws and regulations but also to facilitate all mechanisms, in which the market can fully develop, expand and flourish. In other words, the capitalist political order aims at maintaining the economic order on which the hegemony of the dominant class is based. Failure to sustain the economic order translates into the loss of the foundation for the reproduction of the material condition on which the dominant class relies to maintain its hegemony.

#### *Liberal democracy*

Within a modern industrial capitalist society, a variety of social relations are embedded in diverse institutions and organizations such as political parties, trade unions, the mass media, churches and non-governmental organizations. To deal with these complex relations, liberal democracy aims not only at legitimizing the dominance of *capital* at the system level, but also maintaining tacit consent to the *status quo* from all subordinate classes and social groups, especially from organs of opinion-making such as televisions, newspapers and various associations.

In many ways liberal democracy can be conceptualized as “the resiliency of capitalism's various political forms - a resiliency which exists despite the fundamental contradiction at a stage in history between the forces of production and the relations of production” (Sassoon, 1982:135). Resiliency implies a reciprocal and dialectical reform process of compromises and negotiations between the dominant bourgeoisie and subordinate classes. It seems “as if the relations of capitalist production were possessed of a certain capacity for internal adaptation to the developments of the forces of production, a certain plasticity, which allows them to ‘restructure’ in periods of crisis” (Buci-Gluksmann, 1979: 209).

The process of restructuring – or in Gramscian terms *passive revolution* - refers to the response of the capitalist class to an organic crisis by making necessary compromises and

modifications as well as by creating societal reorganizations in order to contain and pacify oppositions within the structural framework of politics and thus neutralize the challenge of potential revolutionary forces. The Gramscian notion of passive revolution, as understood by Sassoon, involves compromise without altering the political balance of power:

The acceptance of certain demands from below, while at the same time encouraging the working class to restrict its struggle to the economic-corporative terrain, is part of this attempt to prevent the hegemony of the dominant class from being challenged while changes in the world of production are accommodated within the current social formation (1982:133).

By various political means, such as the acceptance of multiparty liberal democracy and the accommodation of the opposition's demand for greater participation, etc., the struggle of the subordinate classes can effectively be confined within the political framework but outside the economic sphere. Thus the autonomy and hegemony of the ruling class are maintained without undermining the process of national and international capitalist accumulation. In other words, the final goal of passive revolution is to preserve the domination of the ruling class and maintain the masses' impotence with regard to control over the means of production and the state.

In order to achieve its objective, the capitalist class must create and maintain equilibrium between its own fundamental interests and those of the subordinate classes. On the one hand, the dominant mode of production must be preserved, while on the other hand retaining the consent from the subordinate classes to the rule of capital. From a classical Marxist point of view, the above equilibrium cannot be sustained but for relatively short periods due to the inherent contradictions in capitalist society as the maximization of profits by the bourgeoisie and the wage demands of the working classes tend to break the societal balance releasing renewed social contradictions and class struggles.

However, with time, the capitalist classes of advanced industrial economies have realized the necessity, for the sake of maintaining the economic order, to accept certain material and political demands of the subordinate classes without infringing their fundamental class interest as well as the existing mode of production. In other words, they are able to maintain the fundamental but often *unstable* equilibrium: on the one hand, to earn enough profit for

capitalist accumulation and reproduction, and on the other hand, to satisfy the material needs of the working masses so that they accept the rule by capital.

Liberal democracy under market capitalism is understood as the best means to sustain this unstable state of equilibrium and maintain *bourgeois hegemony*, i.e. to “rule by consent” rather than to “rule by force.” To rule by consent is to claim to represent the universal interests of society not only politically, economically but also culturally and ideologically. Ideology is not perceived as something that is independent from human activities. Rather, ideology has a material existence. To say ideology has a material existence is to indicate that it is embodied in individual livelihood’s and in the political-economic institutions and social organizations where human interactions take place. It is through the outcome of these political and non-political activities that ideology is formed, sustained and expanded. For instance, the market exchange mechanism offers people an ideal space and opportunity to associate the process of ideology-formation directly with material life, living standard, welfare, wealth and power. Therefore, once market capitalism and its class system have become the recognized structure of society, the essential role of democracy is not only to legitimize the ideology of the dominant classes but also to incorporate their identity of interest with those of the community as a whole.

Since capitalism emphasizes “individualism” and “freedom” (e.g. individual choice, freedom of competition, freedom of purchase and sale), these notions fit very well with the concepts of individual value and rights which liberal democracy prioritizes. What liberal democracy does is to single out and differentiate the individual as a single human being or citizen from the individual as a member of a specific class or group. To put it more clearly, it intends to individualize members of the subordinate classes into “individual persons” or “citizens” aiming at dissolving the collective core or the common basis without which a class cannot exist. In this sense, the single member of a class/group no longer acts qua class/group, but as an individual person or citizen. Everyone is supposed to have the freedom and rights to participate, as citizen or voter, in election, legislation, government representation as well as in political and economic decision-making while class affiliation is reduced.

This separation between the political and economic spheres produces the ideological belief among the masses that they do participate in the political system. This leads to various forms of democracy which help preserve capitalism while making it more acceptable to both

workers and the petty bourgeoisie. Within the United States, for example, capitalism has been able to prevent political, economic and social conflicts from reaching a level of revolutionary crisis, and the “struggle over the ownership of the means of production, that is, socialism, has hardly ever reached the public agenda” (Ross and Trachte, 1990:9).

#### *Civil society and Non-governmental organizations (NGOs)*

Although the bourgeoisie in capitalist society directly or indirectly exercises power and through its dominant position in the economy, the realization of such power and control is also closely connected to the existence of a wide network of institutions whose roles are not exclusively confined to economic influence. It is increasingly evident that the strength of liberal democracy is currently expressed and associated with two distinctive identities/entities: civil society and nongovernmental organizations.

The attention on the notion of “civil society” was put on the agenda in the 1980s as an endeavor by East European dissident members of the intelligentsia to identify the crisis of Soviet-style communism as the result of the dichotomy between civil society and the state (Ehrenberg, 1995). The concept of was promoted by East European intellectuals such as Adam Michnik (1985) and Vaclav Havel (1988) depicting the importance of civil society in the overthrow of the authoritarian Stalinist states. It further spread in the early 1990s when some former socialist states struggled to introduce political civility following the wide-ranging societal transformations taking place there, in the form as liberalization, marketization, privatization and democratization. Globally, the “Third Wave” of democratic movement (Huntington, 1991) further elevated the notion of civil society as both an explanatory variable and a normative perception in understanding the state and market relations.

In Gramsci’s conceptualization civil society was understood as the opposite of state despotism - a place of maneuver (1971) - connecting society and the state. The importance of civil society is distinguished in its relation to the hegemonic nature of the state. Civil society was conceptualized by Gramsci (ibid.) as encompassing all non-state “private” organizations, i.e. political parties, trade unions, churches, various associations, etc. Thus, civil society is contrasted to political society, which comprises coercive state institutions such as the armed forces, police, law enforcement and prison. Political society is seen as the primary source of coercive domination, while civil society is the key source of consensual power. Accordingly

the Gramscian concept of *hegemony* lies precisely in the consensual arrangement of political and civil society.

One way to understand the notion of hegemony relative to the sustainability of capitalism is to consider the relationship between the state and civil society because,

Civil society is the sphere where capitalists, workers and others engage in political and ideological struggles and where political parties, trade unions, religious bodies and a great variety of other organizations come into existence. It is not only the sphere of class struggle; it is also the sphere of all the popular-democratic struggles which arise out of the different ways in which people are grouped together – by sex, race, generation, local community, region, nation and so on (Simon, 1982:69).

Based on this understanding, power is perceived in terms of *relations*, and civil society as the hub of social relations also reflecting relations of power. In this sense, political society can be viewed as visible power, whereas civil society represents an invisible force.

The durability of capitalist (bourgeois) political order can be understood as being based on the recognition of the importance of political institutions and mechanisms in relation to civil society. The power of the state is effectively integrated into the web of relations constituting civil society (Gramsci, 1971:259-265). In Hobsbawm's explanation, this is conveniently to the advantage of the ruling classes but still beneficial to the subordinated classes:

... political arrangements have become a powerful means for reinforcing bourgeois hegemony. Slogans such as 'the defence of the Republic', 'the defence of democracy' or the defence of civil rights and freedoms bind rulers and ruled together. This is no doubt for the primary benefit of the rulers, but this does not mean that they are irrelevant to the ruled. They are thus far more than mere cosmetics on the face of coercion, more even than simple political trickery (Hobsbawm, 1982:32).

Since the capitalist political order is strongly embedded in civil society, the capitalist class does not even have to run the state itself as long as state rulers recognize the hegemonic

structure of civil society as the basic limits of their political action (Cox, 1993:51). It is on these two levels - political and civil society - that the true and comprehensive reality of hegemony is maintained and consolidated. This is accomplished through a combination of juridical power and consensual power.

*Civil societies, NGOs and post-Cold War political development*

The rise of civil society is viewed by some as the most hopeful political development of the post-Cold War era – a political paradigm offering realistic projection of human desire (Rieff, 1999). Globalization has elevated civil society to become a pivotal concept in the analysis of social and political changes in developing countries, especially in Africa, where processes of liberal democratic political reforms are taking place. However, according to a number of studies, “civil society” proves to be conceptually dispersed, empirically vague, ideological overloaded and analytically misleading (Allen 1997).

Nowadays, the notion of civil society is often interchangeable with the role of NGOs. To some, NGOs are distinct civil societies whose power is argued to be unaffected by both state and market; furthermore and it is based on the critique of these two agencies that the legitimacy of NGOs’ missions and practices is identified (Fernando and Heston, 1997:11). For others, NGOs have been “managing a muddle in the middle” between their double roles and identities of being both agents of foreign aid<sup>4</sup> and vehicles for international cooperation (Grugel, 2000). Being “non-governmental” and enjoying the image of “impartiality”, NGOs appear to be ideologically neutral and politically and economically incorruptible being “independent” both from power (state and politics) and from money (the market and economy). Since the Cold War, the market is argued by neoliberalism to be an effective alternative to the inefficiencies and waste of state economic planning as seen in former socialist states and developing countries in the South; as a corollary, the discourse of the role of civil societies and NGOs began to be promoted as effective alternatives to the function of inefficient state system.

During the past few decades, NGOs have increased in number, size and scope and have risen to pivotal positions influencing social, economic and political agenda in many parts of the world. According to the Yearbook of International Associations, there are about 16,000 internationally recognized NGOs, and based on the estimation of the Human Development Report 1994, there are about 50,000 local NGOs operating in the South. The Organization for

Economic Cooperation and Development (OECD) estimates that the total amount of funds allocated to NGOs in 1994 was US\$6 billion (Fernando and Heston, 1997:8).

*The sophistry of liberal democracy, civil societies and NGOs*

In contrast to the liberal conceptualization of democracy, the critical Marxist position argues that there is a certain mystification with regard to capitalism' political restructuring as expressed by liberal democracy. This can be revealed on two levels: internal and external. Internally, liberal democracy distorts the understanding of *equality* and marketizes awareness of social and class relations (Ollman 1998); it individualizes people's political identity and class consciousness (Im, 1991); and it creates a false dichotomy between civil societies and the state (Petras, 1997). Externally, liberal democracy is an effective way for US-led Western powers to promote *polyarchy* in the Third World in order to complement neoliberal economic restructuring and facilitate the US global hegemonic role (Robinson. 1996).

First of all, the ideology of liberal democracy diverts people's attention away from the critical understanding of the capitalist mode of production. Unlike pre-capitalist societies where formal political inequality was basic to social reproduction, under capitalism the formal inequality in production relations is not created by polity (state). This indicates that formal political inequality is therefore not engraved in the relations of production in which labor contract is made in the form of exchange between *legal equals* (Rosenberg, 1994: 124-25).

When a society is not governed through personalized relations of authority but through exchange relations of intermediate *things* on the market where the unequal production/class nexus between wage earners and capitalists is hidden, the essence of inequality is thus prevented from becoming a focus point. This is related to the fact that production/class relations have already more or less predetermined the role and position of each individual before she/he enters the exchange process as well as most outcomes. The liberal approach deliberately separates the production/class relations from the market relations so that the *unequal* class relationship (exploitation) in production is hidden while the *equal* relationship (free competition) in the market is exposed. This explains in part the difficulty for the Marxian theory of exploitation and alienation to influence people's political awareness.

Second, the lens of the free market distorts class relations by converting people into customer/consumer relations. The free market discourse emphasizes the importance of

‘individualism’ and ‘freedom,’ i.e. individual choice, freedom of competition, freedom of purchase and sale, and in doing so it singles out and differentiates people as individual consumers from individuals as members of a specific class. To put it more succinctly, the market dogma individualizes the working class into ‘distinct individuals’ or ‘free consumers’ without ties to collectivities. Following this logic, freedom is the exercise of unrestricted choice and equality is the right to exercise this freedom. The free market ideology helps to produce and legitimize this illusion, thus dissolving the collective core or common basis without which a class cannot exist. In this sense, every individual member of a class/group no longer acts qua class/group affiliation but as a customer/consumer category. Ideologically, everyone is given the freedom and the right to participate, as individual citizens or voters, in election, legislation, government representation and to a much lesser degree as members of a class (Im 1991:131).

A closer look into the relations of production within a free market society discloses hidden distortions and myths: Real freedom is only for those who possess capital to own or to purchase goods and services in the market without having to sell themselves to stay alive. Under capitalism a particular worker may possess the freedom not to sell his labor to an owner of means of production, but workers as a class do not and cannot possess the freedom not to work for capitalists. Likewise, a particular capitalist may have the freedom not to hire a specific worker, but capitalists, as a class cannot survive without employing workers. This is the reason why Marx emphasized the importance of class struggle, and not individual resistance! This is also why much of Marxist criticisms cannot be understood from the pro-market perspectives.

Although civil society as an analytical framework can be useful to understand power relations, counterpoising civil society vis-à-vis the state creates a false dichotomy. While scholars in transition economies such as Russia, China and Eastern Europe have incorporated the concept and role of civil society in their discourse, they may overlook the basic contradictions that divide state and civil society. There are fundamental differences between the notions and functions of civil society conceptualized at the two levels - from above (the dominant economic class) and from below (the working class). For the former, civil society is considered as an instrument in the efforts to *reduce* statism so as to protect its economic position and class interest; whereas for the latter, civil society is seen as a force to *break* the monopoly of the economic classes. The contradiction is that on the one hand, “civil society

from below” still needs the state to make necessary social, political and economic reforms in order to improve the socio-economic position of the majority; while on the other hand, “civil society from above” blurs the fundamental differences between social classes so that the hegemony of the ruling classes remains unchallenged.

Since the 1980s, the more perceptive sectors of the neoliberal ruling classes have come to realize that the market mechanisms and globalization of capitalism were polarizing societies everywhere causing social injustice and discontent. This is seen as threatening the capitalist economic order and the legitimacy of its political structure and social formation. Neoliberal politicians, especially from the US-led West, began to design and finance a strategy understood as “movements from below” in the Third World and transitional societies. It aimed at promoting a “social cushion”, i.e. grassroots organizations across the world with an anti-statist ideology to step in among conflictory social forces (Petras, 1997:10). The central emphasis was to build the neoliberal hegemony within civil society and NGOs through the penetration and cooperation of these grassroots organizations, such as labor movements, media, women’s and youth movements as well as peasant organizations (Foster, 1997).

A typical way of creating and supporting civil societies from the outside is through aid programs and donor agencies. Some scholars make the case that by turning civil societies into an aid or technical project, donors can effectively impose a societal model which has its roots embedded in the historical experience of Western Europe and North America where state, civil society and market are seen as separate and autonomous domains; and they can use such a construction as “alternative” providers of social services and welfare and as solutions to the emerging contradictions of global capitalism (Howell, 2000). For example, in Central Asia, donor agencies such as INTRC, USAID, Counterpart Consortium, Mercy Corps, UNDP have all provided financial and ideological support to NGOs and put them in charge of various project implementations (Howell, *ibid*).

Nowadays, through their local, regional and global networks in developing countries, civil societies and NGOs are intervening dialogue channels and affecting policy-making processes that are traditionally dominated by the state. The ascendancy of their role as mediators between local organizations, neoliberal state, foreign donors and transnational companies, contributes to fulfilling a number of concealed neoliberal agendas. Some of the objectives are:

- 1) to weaken the national welfare states through pressing them to spend more on social

services to “repair” the damages caused by free market competition and “compensate” the victims of the multinational companies; 2) to promote projects such as “self-reliance”, i.e. job training, education program, in order to temporarily pacify some groups of poor who have been negatively affected by global market forces and to assist local leaders and to soften anti-market struggles; 3) to represent neoliberal forces from below, such as “community development”, in an attempt to convert “leftist movements” to become part of the NGO formula and practice, namely, to confine Marxist class politics within a NGO framework; and 4) to sever the linkage between local struggles and international political movements (Petras, 1997:11-12).

In the current era of global capitalism in which the market becomes the linear teleology vis-à-vis a universal criterion of development, civil societies and NGOs are becoming actors involved in facilitating the effective participation of developing countries in the global marketization process rather than providing any alternative. This is due to the fact that they are themselves agencies of the global market with increasing engagement in profit-oriented private activities. Consequently, their ideological orientations and organizational practices tend to converge with market forces. A number of critical studies have looked into the relationship and interactions between civil societies/NGOs, the market and the state. According to Sanyal, the successful NGOs are those who are in close connection with the dominant institutions in the public and market sectors. And in Bebbington’s opinion, NGOs need to be understood within the context of competitive national and international markets, which is a necessary condition for their success (both Sanyal and Bebbington as quoted in Fernando and Heston, 1997:8).

The role of civil societies and NGOs is becoming increasingly contradictory: they want to play an active part in “mitigating” state and market failures, but must avoid involving themselves in worldwide anti-market or anti-capitalism movements. Most of them commit themselves to the promotion of local mobilization and self-reliance, but remain uncritical towards the source of the failures; e.g. those caused by the mobility of foreign investment and by the speculative activities of international financial capital. They dedicate themselves to the promotion of local projects and aid programs, but they do not challenge the dominant control of the means of productions and capital at the hands of a few; they emphasize the importance of education and technical assistance to developing countries, but they are not willing to confront the class-based social and structural problems in these nations. In reality, what

NGOs are doing is only to address some practical problems in relation to state and market shortcomings and try to resolve them in a non-confrontational matter. For example, environmental NGOs often attempt to correct some minor hitches in the existing political systems without dedicated commitment to address more fundamental problems, such as systemic inadequacy and wealth inequality (Doyle, 1998:780).

More importantly, their promotion of “regimented” or “low-intensity” forms of democracy in the Third World - the elitist-polyarchic system - is geared to the needs of the U.S. global order. In the 1990s civil societies and NGOs were seen as effective means of carrying out American foreign policies (Robinson 1996; Foster, 1997; Li, 1996). As stated by former American Secretary of State, George Schultz, in order to successfully implement the policy of strengthening the institutions of democracy in targeted nations “we will rely on American nongovernmental organizations to carry most of the load” (Schultz in Robinson, 1996:107). One of Robinson’s potent arguments is to show democracy promotion as an effective way - a “softer tool” - to distract or pacify popular dissatisfaction and unrest and “to secure the underlying objective of maintaining essentially undemocratic societies inserted into an unjust international system” (Robinson, *ibid*: 6).

Following the global transformation after the end of the Cold War, the economic and geopolitical interests of the West have also changed. Since the 1990s, the promotion of democracy/democratization as an instrument of political intervention expresses an explicit Western interest, which favors a change of political regime in the South - a shift from authoritarian regimes to liberal regimes - in order to promote economic liberalization and globalization (Crawford, 2000:28). Seen in this context, the promotion of democracy in various forms of civil societies, of NGOs and of “local movements” under the banner of “demolishing state authoritarian power” is instrumental in weakening Third World statism and thus reducing the capacity of the state as a buffer protecting domestic society from international economic forces. It serves the interests of US-led international financial institutions and transnational companies, which can consequently intervene with little resistance in the socio-economic-political policy-making of developing countries.

To summarize, a political interpretation of capitalism’s restructuring in the form of liberal democracy, civil society or NGOs leads to the conclusion that it is a political strategy for reconstruction of the dominant social and ideological order. It endeavors to mould and modify

the relations between market, state and civil society through an unstable coalition of disparate groups and identities as well as through a synthesis of economic interests and cultural and political subjectivity (Hansen, 1991:99).

All in all, liberal democracy including the roles of civil society and NGOs can be understood as components of capitalism's internal and external restructuring process in an attempt to promote consensual integration or social acceptance of certain values, cognitions and symbols that are supportive of the existing system.

### **Capitalism's economic restructuring: environmentalism**

While democracy and democratization became part of the globalization discourse in the socio-political realm, sustainability emerged in the 1990s as a key notion on the agenda of economic and environmental concerns especially in the Western world. This gave rise to new terminologies and academic fields such as "sustainable development", "environmental economics", "ecological modernization," etc. Nowadays, logos and banners containing terms like "ecology", "environment", "nature", "green", "sustainability" are found everywhere from the lips of Western politicians to academic activities (conferences, seminars and workshops) as well as in school education.

Although genuine anxiety about the state of the planet as well as the menaces to the survival of homo sapiens has become widespread and a mobilizing factor especially among the younger generations in the West, the concern of political-economic ruling elites fundamentally remains one of retaining the basic capitalist mode of production and consumption. The stakes are rather high, as the challenge is fundamental in both depth and scope. This is recognizable if the focus is put on planet's limitation to the expanding operations of industrial capitalism. The dialectics of the worldwide expansion of the West is at work and threatens the possibility of global environmental management. In the words of the ecologist Wolfgang Sachs:

Ever since Columbus arrived in Santo Domingo the North has by and large remained unaffected by the tragic consequences which followed his expansion overseas; others had borne the burden of sickness, exploitation and ecological destruction. Now, this historical tide seems about to turn; for the first time the Northern countries themselves are exposed to the bitter results of Westernizing the

world. Immigration, population pressure, tribalism with mega-arms, and above all, the environmental consequences of worldwide industrialization threaten to destabilize the Northern way of life” (1993:20).

Awareness of “survival of the planet” – a concern for the relationship between development and environment - was spelt out officially in the report of the World Commission on Environment and Development (also called the *Brundtland Report* 1987) together with expanding environmental/green movements at the grassroot levels. To the extent this anxiety has reached the level of government and business establishments, this revolution, it is argued, has led to attempts at restructuring production and consumption patterns in order to contain emerging eco-environmental crises and to retain capitalism as a sustainable economic system.

#### *Economic imperative and eco-environmental crises*

From the Marxist perspective the understanding of global eco-environmental crises is to be found in the very economic system of capitalism. Since the birth of capitalism and its rapid advances especially due to the industrial and scientific revolution, which aimed at breaking nature’s limitations on the creation of abundance, the dynamism created within the context of expansion and growth has been associated with ignored eco-environmental costs. This inherent connection can be identified by uncovering the contradictory elements within the capitalist economic system (Barry 1999; Bookchin 1980, 1989; Kovel, 1997; Burkett, 1996).

In some passages of *Capital* Marx showed remarkable awareness of the ecological destructiveness of urban industrial expansion and modern agriculture (1977:637-638; 1981: 949-950). His analysis of the motive forces of capitalism offers an in-depth comprehension for understanding the source of the present ecological dilemma. Its strength lies in the analytical framework which proposes to see eco-environmental crises as an integral part of the more broad economic and political contradictory tendencies of capital accumulation or as the “second contradiction of capitalism”<sup>5</sup>. The importance of this analytical approach is that it aims at the core of problem. In the words of Barry:

... ecological analysis and politics by themselves are *necessary* but not *sufficient* for dealing with ecological problems. Without making the link between the crisis tendencies of capitalism and these problems, ecological politics may ameliorate

the effects of some environmental risks without addressing the structural causes and context, which give rise to those problems. (1999:263)

This indicates that global eco-environmental crises should be conceptualized as integrally connected with the fundamental logic of market capitalism. They are not a recent phenomenon; rather, they already began with the birth of the capitalist mode of production and the nature-conquering orientation of Western metaphysics as expressed by its modern science and technology. In the view of Kovel (1997), the elusive entity within the capitalist economic system known as *capital*, which rules capitalist societies, is the centrality and source of eco-environmental degradations because it conditions and drives separate determinants (markets, production technology, consumerism, industrialization, etc.) in a direction of destabilizing the planet's eco-system.

Since growth and profits in capitalism are means and ends to one another, without growth and profits capitalism is not viable. Marxist political economy based on the theory of value recognizes capitalism's inherent tendency toward eco-environmental crises because its economic essentialism implies that the reproduction of capital must be limitless. This means that the endless growth process has to expand at any cost including eco-environmental damages. Given these imperatives, the solutions to the problems under capitalism will be attempted to be found within its specific economic framework, i.e. 1) marketizing and capitalizing the eco-environmental damages; and 2) converting them into an integral element of economic development.

Consequently, market capitalism will inherently generate the process of the capitalization of nature. That is to say, capitalist economics will adduce the market value of environmental technologies, products and services by "putting an economic value on the goods and services that nature provides 'free' to the economy" and by "socialising access to external conditions of production" (Barry, 1999:267-268). This fundamental contradiction in capitalism's relation to nature is explained by Burkett by contraposing the categories to the use value and exchange value:

Capitalism's development of the productive powers of socialized labor and nature is conditioned not by human needs, but by capital's absolute use-value requirement: exploitable labor power and material and social conditions required

for its exploitation. This alienation of use-value production has caused use value itself to be defined in terms of monetary and profit-based notions of "economic necessity" rather than social and ecological necessity. Hence the movement beyond capitalism to a system more consistent with the development of people as natural and social beings must involve a re-definition, a dis-alienation, of our dominant conceptions of use value and economic necessity (1996:354).

This is why the holistic analysis inherent in the Marxist approach illuminates the dialectical relationship grounded in the fundamentals of the capitalist mode of production (capital accumulation, labor exploitation, commodification and degradation of environment). It provides an analytically coherent and unified conceptualization of the sources of capitalism's implanted eco-environmental predicaments. Since capitalism is first and foremost a mode of production, ecology and environment becomes subservient to its law of motion.

#### *Misleadings, mystifications and distortions*

In the scientific and academic communities as well as at the grassroot levels, there are at present different schools of thought with regard to understanding and dealing with the increasing global environmental problems. Some are radically critical of the economism of capitalism while others take a more market-friendly position. Among the latter is the free market environmentalism (also known as free market environmental economics). This is an approach, which encourages environmental or resource economics to deal with eco-environmental damages through marketization of tradable property rights in environmental goods and services. Adhering to the neoliberal paradigm, they oppose state-led (political) eco-environmental control and management arguing that this will lead to non-economic allocation of natural resources (Eckersley, 1993). Eco-environmental problems are considered to be of a technical rather than of a political nature. Seen from this perspective, sustainability is reduced to finding methods of damage control and incorporating these into the profit-making process of economic growth.

Despite the lack of a uniform definition and understanding, the dominant interpretation of sustainable development is, to a certain extent, defined within the paradigm of free market economics:

Sustainable development is not about giving priority to environmental concerns, it

is about incorporating environmental assets into the economic system to ensure the sustainability of the economic system. Sustainable development encompasses the idea that the loss of environmental amenity can be substituted for by wealth creation; that putting a price on the environment will help us protect it unless degrading it is more profitable; that the 'free' market is the best way of allocating environmental resources; that businesses should base their decisions about polluting behavior on economic considerations and the quest for profit; that economic growth is necessary for environmental protection and therefore should take priority over it. (Beder in Doyle , 1998:774)

The free market-centered approach is strongly based on the following two assumptions: 1) environmental objectives can be achieved simultaneously with economic growth; and free market relations can offer technical answers to environmental problems; and more importantly, the tension between economy and environment can be harmonized without altering the fundamental mode of production as the core of human societies (Foster, 1995); 2) eco-environmental problems are related to questions of efficiency and management, i.e. issues of "being technologically, economically, organizationally, educationally and political efficient," such as the "wise use" of resources or planning (Doyle, 1998:775)

In line with this type of argumentation, the developed nations in the West, who possesses advanced technology in planning and management are perceived as friends to environment. In essence, this is an extension of the doctrine of modernization theory, which sees underdevelopment in the Third World as the exclusive result of internal shortcomings

Accordingly, countries in the South without similar adequate capacities as those in Western countries come to be seen as the cause of eco-environmental problems. It is a general view in affluent nations in the North that the poverty of the South creates and intensifies eco-environment degradation; and the South is held responsible for species extinction, global climate change, desertification, the global shortage of fresh water and overpopulation (Doyle, 1998:776). The causality of poverty to environmental problems also forms the opinion of the key international institutions<sup>6</sup> such as the UN and IMF. The implication is that the South is responsible or at least shares responsibility for global eco-environmental problems. Consequently, eco-environmental issues potentially become a political tool to encroach upon the sovereignty of the South. This is also seen by some ecologists, who place the

problematique in a larger context of political economy, as facilitating the North's access to global resources and raw materials (Shiva, 1993:152).

As previously argued, liberal democracy identifies individuals as citizens or consumers rather than as members of specific classes, thus hiding the unequal production/class relations between capital and labor. In a similar way, eco-environmentalism tends to reverse the concept of citizenship or national identity to one common denominator. People are no longer identified as nationals of specific countries, but as citizens of a whole region or even global citizens. Since *we* are faced with an eco-environmental crisis of global proportions, the discourse of eco-environmentalism argues that all populations, regardless of color, nationality, race, class, gender, or religion, are confronted with a shared eco-environmental degradation. It is *our* collective responsibility to save *our* rain forests and extinct species, to clear *our* atmosphere and to protect *our* globe. The appeal to a community of interests in taking global action is paradoxical given the fact that since the end of the Cold War, the spirit of solidarity has been fading away in the dominant discourse of neoliberalism. Notwithstanding the increasing recognition of the eco-environmental interdependency between the developing and developed worlds, the awareness of the wealth gap between the two is relegated to an inferior problematique.

This state of affairs can lead to the conclusion that there is a hidden intention behind the above approaches, which is to promote the notion of justice – that is the burden-sharing principle for covering the cost of eco-environmental damages. Western nations call for collective action without making any distinction between victimizers and victims of the global socio-economic and political system. Although originating outside the confines of mainstream political and academic life, the green ideology and movement, by treating developing countries as an equal partners in a worldwide effort to deal with eco-environmental problems nevertheless promote the interests of the North in shifting attention from the material needs of the poor to survival considerations of the rich (Middleton, et al., 1993:5).

While the so-called “green economics” has appeared to be a new and attractive mode of thinking, it cannot escape its origins because no matter how green it is, it is still an integral part of capitalism's eco-cidal accumulation process embedded in the fundamental mode of production. Environmentally damaging effects, such as destruction of rain forest and wildlife habitat, pollution, global warming, ozone depletion, etc, are still regarded as “externalities”.

They are not accounted for as “costs of production” in economic accounting. Rather, they are presented as societal costs, which must be borne equally by everyone. This exerts also an ideological influence in trying to placate genuine concerns with the viability of the present patterns of production by offering an economic “fix” to eco-environmental damage. As Barry puts it,

Environmental economics attempts to ‘green’ capitalist economic theory by putting an economic value on the goods and services that nature provides ‘free’ to the economy. By doing so it is hoped that externalities such as pollution emissions can be lessened by an economic value being placed on the absorption facility of the environment (1999: 267-268).

It is a way to generate economic values through capitalizing nature. In this manner, the natural environment becomes a manageable object, a raw material that is to be exploited. This paves the way for worldwide radical marketization and privatization processes into various spheres of nature.

By relying on the market solution to eco-environmental crises, green economics actually facilitates the expansion of capitalism by opening a new area of accumulation activities. Green consumerism with the commodification of various ecological initiatives helps transform ecological concerns into ideological support for market capitalism as the savior of the environment. Thus, it contributes to mystify and confuse the awareness of the real causes of the global eco-environmental dilemma.

No matter how environmental-friendly products are, green consumerism, by its very nature, cannot transform the “compete-or-perish” and “grow-or-die” nature of capitalism which solely depends on productivity and growth to maintain the proper functioning of the system. Even “green” corporations must make a profit in order to survive. Eco-environmental investment, for example, has to be based on profit-seeking no matter how eco-friendly the firm is. Likewise, “ethical investment”, “humanitarian loan” and “environmental technology” cannot fundamentally escape from the imperative of productivity and surplus value extraction. This is because

Capitalism not only validates precapitalist notions of the domination of nature, . . . it turns the plunder of nature into society's law of life. To quibble with this kind of system about its values, to try to frighten it with visions about the consequences of growth is to quarrel with its very metabolism. One might more easily persuade a green plant to desist from photosynthesis than to ask the bourgeois economy to desist from capital accumulation. (Bookchin, 1980: 66)

For example, some solutions by use of “green technologies” can, to certain extent, partly contain the deterioration of eco-environmental degradation. However, to introduce new technologies is also capital intensive. In order to increase productivity and profit earning through investing in and upgrading technologies of both hardware and software, corporations must constantly sell more of their products, that is enough to expand investment in order to raise their production and capital levels. To maintain the necessary level of surplus all means will, by definition, be utilized. Therefore, in Bookchin’s view, to constrain market capitalism for the sake of the eco-environmental crises is a contradictory proposition:

To speak of ‘limits to growth’ under a capitalistic market economy is as meaningless as to speak of limits of warfare under a warrior society. The moral pieties that are voiced today by many well-meaning environmentalists are as naive as the moral pieties of multinationals are manipulative. Capitalism can no more be ‘persuaded’ to limit growth than a human being can be ‘persuaded’ to stop breathing. Attempts to ‘green’ capitalism, to make it ‘ecological’, are doomed by the very nature of the system as a system of endless growth (1989: 93-94).

In short, the rise of greenism and environmentalism reflects an attempt to deal with the question of economic growth in the context of creating a sustainable society and environment (Paterson, 1999). But, as Hwang rightly points out, it

rarely allows capitalism itself to be examined for its categorical imperatives-profit maximization, capital accumulation, and market expansion - which require the continuous subjection of nature, human and physical. . . . the ecological crisis has been framed to construct an ecological grammar that conceptualizes and encodes ecological issues in order to rescue a capitalism in impasse (1999:137).

Distortions in such an ecological grammar are numerous. Two of them are related to the misleading conceptualization: false causality and econo-centric framework. False causality identifies consequence as cause thus victimizing the victims and hiding the real factors behind the crises. False causality refers to erroneous connections, for instance, the current eco-environmental crises are identified as the *causes* found in traditional/indigenous mode of production as well as poverty and population growth rather than as the *consequences* of the growth-driven, consumption-driven, technology-driven, debt-driven, speculation-driven model of capitalism. Accordingly, the conventional argument goes: the Third World must *share* equal responsibility, if not most, for the worldwide eco-environmental degradation.

The econo-centric framework identifies the global eco-environmental crises as the outcome of economic problems (management, efficiency and technology) whose solutions are to be found in economic methods and rules, such as by invention of eco-environmental technologies, by resource management as well as by implementation of efficient market regulations. This economic-based approach not only opens new markets (technologies and products) but also confines the conceptual understanding of the issues within the problem-solving perspective of established economics. It translates eco-environmental problems into various profitable businesses and transfers problem-solving activities to conventional economic institutions – firms, agencies, transnational companies and the free market. The irony is that these actors, because of the mode of operation of the socio-economic and political system of capitalism, are themselves responsible in the first place for the current state of affairs.

## **Conclusion**

Liberal democracy and eco-environmentalism have been analyzed, as being part of capitalism's various phases and strategies of restructuring at political, ideological and economic levels. While liberal democracy is universally recognized today as the only legitimate political form after the demise of state socialism, it is facing the challenge of channelling popular anxieties and convert civil societies and NGOs into supportive instruments for the continuing growth of capitalism. Similar reasoning also marketizes and capitalizes the latest attempt of capitalism - the worldwide green movement - to modify its external conditions of production in relation to ecology and environment in order to maintain legitimacy as a viable and sustainable socio-economic system.

The conclusion is that both democracy and eco-environmentalism - as they now stand -

cannot and will not break out of the logic of capitalist social and production relations. Due to capitalism's categorical imperative based on capital maximization, accumulation and expansion, democratic principles and eco-environmental concerns will eventually have to submit to the rules of the game. This explains the fact that the entire development paradigm is deeply embedded in a body of concepts like growth, progress, competition, catching-up, consumption, market integration, etc.

Capitalism seems to have pulled out of recurrent crises in the past, and will most likely continue to make necessary adjustments, reforms and restructurings in order to escape new crises. But, each time the escape lays a foundation for new crises, and perhaps more serious ones. For instance, the emergence of new agricultural biotechnologies and animal/human clone technologies are posing serious far-reaching social and ethical consequences and contradictions. Under these circumstances and in the light of the past experiences and present conditions, critical theories should be expanded to question the notions, concepts and language of the prevailing discourses.

## Notes

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<sup>1</sup> According to Sassoon (1982:15), the notion of passive revolution derived from conservative tradition going back to Edmund Burke who argued that in order to preserve its most essential features society had to change. It was further developed by Gramsci, who used it to refer to a style of state politics, which preserves control by a group of leaders on the one hand and institutes economic, social, political and ideological changes on the other.

<sup>2</sup> Jürgen Habermas identifies a crisis as comprising several levels: a crisis of efficiency and rationality on the level of the system; a crisis of legitimacy on the socio-cultural level; and a crisis of motivation on the individual level (Habermas, 1976).

<sup>3</sup> M refers to money; C refers to the cost of production (or commodity values used in production); and M' refers to the money value of sales.  $M' > M$  indicates that M' exceeds M, which means that profit earning is realized. This is the basic mechanism of capitalist accumulation without which the capitalist economic system cannot sustain.

<sup>4</sup> According to Jean Grugel (2000:87), about 43 percent of all aid flowing into Latin America comes from European Union countries. And since 1992, more than 40 percent of the aid projects is co-financed between the EU and NGOs.

<sup>5</sup> The first contradiction of capitalism, according to Marxism, is premised on the inherent contradiction between the forces and relations of production, i.e. between socialized production and private appropriation. The second contradiction is between the capitalist mode of production (the forces and relations of production) and the conditions of production (labor, infrastructure and nature), i.e. a contradiction which originates in and is the eventual

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consequence of the first contradiction.

<sup>6</sup> The 1990 UNDP report perceives poverty as one of the greatest threats to the environment. And the IMF claims that, "Poverty and the environment are linked in that the poor are more likely to resort to activities that can degrade the environment" (see Doyle, 1998:776).

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