

## **On the Complementary Relation between Crisis Consciousness and Democracy: A Note on the Political Contradiction of Capitalism**

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Fraser's analysis of the political contradiction of capitalism focuses chiefly on how capitalism undermines the *effectiveness* of public powers, particularly when it comes to dealing with major crisis. In this comment, I would like to build upon Fraser's analysis by suggesting an avenue for exploring how capitalism also undermines their *legitimacy* in times of crisis. The two questions are not unrelated: an institution's legitimacy may be compromised if it is not effective; conversely, its effectiveness may be compromised if it is not accepted as legitimate. But they can still be distinguished.

According to Fraser, capitalism must constrain and limit the scope of public power in such a way that leaves democracy "poor and weak," as well as "shaky and insecure," and she shows—convincingly—how the current regime of financialized capitalism has been especially corrosive to democratic legitimacy.<sup>1</sup> But even if we accept that capitalism is inimical to democracy and its mode of legitimacy, there seems an ambiguity about how capitalism and democracy are ultimately related. One could argue, for example, that what capitalism really requires is *administrative power*—the power to coin money, maintain

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<sup>1</sup> Fraser, this volume [pp7, 12–15].

infrastructure, adjudicate property rights, deploy police and military, and so on. Some form of political hegemony may be required to legitimate the kind of administration capitalism requires, and this *could* take a (weak) democratic form, but it has no need for democracy *as such*. One could go further and claim that capitalism and democracy are utterly at odds with each other: where one gains ground, the other loses ground, and vice versa. Capitalism versus democracy is a zero-sum game.

There are certainly arguments to be made for these views. However, they seem to me to place democracy ‘outside of’ and ‘in opposition to’ capitalism in a way that Fraser wants to avoid in her expanded conception of capitalism as a social totality. Yet I believe an argument can be made that capitalist society does indeed depend on a democratic mode of legitimation, which it nevertheless continuously undermines. On this latter view, capitalism is still in tension with democracy, but this tension is an integral part of what Fraser calls capitalism’s “political contradiction.”

A case for capitalism’s ultimate need for democratic legitimacy may be linked to its propensity to generate periodic crises. This link can be made clear by examining the logic of modern crisis consciousness, which coevolved and shares essential prerequisites with the modern ideal of democratic self-determination. Granted, my comments here can only be suggestive, and they mainly track political development within Western ‘core’ countries. But establishing this complementary relation between crisis consciousness and democratic legitimacy allows us to see how the latter becomes instrumental to a society’s capacity to channel and act effectively upon the former. It allows us to see how capitalism’s tendency to weaken democracy undermines its political capacities to adequately deal with the crises it generates for itself.

As Fraser asserts, the polity provides capitalism with essential means for securing capitalist modes of production, labor, and exchange. Among other things, it secures the

legal infrastructure through which private individuals may own private property, negotiate contracts, and adjudicate disputes. This legal edifice is encoded in the classic *liberal rights* granted by European states since the seventeenth century. But these rights also came to include such things as freedoms of religious conscience, the press, assembly, as well as rights to due process in criminal investigations and to petition the government; as such, they also grounded a *mode of legitimation* that is not entirely reducible to the needs of the capitalist economy. By the time of what Fraser calls “liberal-competitive capitalism,” this mode of legitimation expanded to include the extension of *democratic rights* to widening circles of citizens of capitalist states. What differentiates the two forms of rights is that, while liberal rights provide direct support to the capitalist order by legally grounding rights to property, contract, exchange, and the like, *as well as* provide indirect support in the form a basis for legitimacy, democratic rights support the capitalist order *only* in the indirect manner of establishing legitimacy.

Fraser recognizes that public power must be legitimate as well as effective to sustain capital accumulation. More importantly, Fraser insists that the role public powers play in capitalist society cannot be reduced to the systemic imperatives the former fulfill for the latter. How the polity operates in relation to other components of capitalist society historically relies, in the end, not on a functionalist logic but “on the balance of social power and on the outcome of social struggles.”<sup>2</sup> In Fraser’s model, social struggles reach their high point in times of major crisis, which punctuate the beginnings and ends of her four regimes of accumulation. We can even understand the more or less expanding scope of democratic rights and capabilities over capitalism’s history (at least up to the period

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<sup>2</sup> Nancy Fraser and Rahel Jaeggi, *Capitalism: A Conversation in Critical Theory*, ed. Brian Milstein (Cambridge, UK: Polity Press, 2018), p54.

of “state-managed capitalism”) as a reflection of the relative power of the participants in these struggles from one crisis to the next.

It is also important to note that, for Fraser, democratic values are not merely ‘superstructure.’ To whatever extent democracy provides the regulation and maintenance of the capitalist economy with a necessary well of legitimation, the contents of this well are not determined by the needs of the capitalist economy. In the end, democratic ideals rely on *deeper* sources of normativity, which concern values such as rights to democratic participation, standards of citizenship, and equal stake in matters of public interest.<sup>3</sup> But even these draw upon an even deeper plane of reflexive and critical social awareness, rational autonomy, and a sense of possible collective control over historical destiny characteristic of modern consciousness—of a consciousness that “has to create its normativity out of itself”<sup>4</sup>—the mobilization of which modern democratic ideals foster.

It is here that a “complementary relation”<sup>5</sup> can be drawn between the normative resources of democracy and those of crisis consciousness as they have evolved over the course of Western modernity. As Reinhart Koselleck observed, “crisis,” despite the Greek origins of the word, is a distinctly *modern* concept. It only began to acquire its present-day connotations in the seventeenth and eighteenth centuries, and the idea of an ‘economic crisis’ did not enter into widespread circulation until the nineteenth century—

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<sup>3</sup> Fraser and Jaeggi, *Capitalism*, p50.

<sup>4</sup> Jürgen Habermas, *The Philosophical Discourse of Modernity*, trans. Frederick Lawrence (Cambridge, MA: MIT Press, 1987), p7.

<sup>5</sup> I am using this idea of a “complementary relation” [“*Ergänzungsverhältnis*”] in the sense used by Jürgen Habermas, *Between Facts and Norms*, trans. Willima Rehg (Cambridge, MA: MIT Press, 1996), pp104–18.

with the rise of the capitalist economy.<sup>6</sup> Consciousness of crisis emerges only within a broader trend toward societal rationalization and reflexivity, as participants realize they can no longer rely on appeals to traditional authority and divine order to secure the conditions of an increasingly complex social and political life. As a “basic concept” (*Grundbegriff*) of modernity, the concept of crisis registers the *dual* character of a social order whose participants strive to be self-determining (society as *subject*), even as they find themselves at the mercy of forces of historical contingency and social complexity (society as *object*).

From an ‘objective’ or ‘observer’s’ standpoint, crises can be said to arise when such forces outstrip the capabilities of a social order in a way that demands urgent redress. Such overtaking may be ascribed to a set of structural contradictions, an unaccounted-for contingency, or an exhaustion of administrative capacities. As a concept, however, “crisis” is more than a simple referent for a certain state of affairs, and to call something a “crisis” is to more than make an observation. For it is only under the aegis of the *normative* imperatives that a social order’s participants bring to bear upon themselves—by virtue of their drive toward reflexive self-determination—that a crisis registers *as a crisis*. To call something a “crisis” is to declare that something in society has fallen radically out of synch with our expectations of how things *should* be and how they *should* work on an everyday basis, and to demand that *action must urgently be taken* to redress it. Thus

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<sup>6</sup> Reinhart Koselleck, “Crisis,” trans. Michaela Richter, *Journal of the History of Ideas* 67 no. 2 (2006): 357–400 [Reinhart Koselleck, “Krise” in *Geschichtliche Grundbegriffe: Historisches Lexicon zur politisch-sozialen Sprache in Deutschland*, 8 vols., eds. Otto Bruner, Werner Konze, and Reinhart Koselleck, (Stuttgart: Klett-Cotta, 1972–97), 3:617–50]; *The Practice of Conceptual History: Timing History, Spacing Concepts*, trans. Todd Samuel Presner (Stanford: Stanford University Press, 2002), pp236–47.

“crisis” is also a *participatory* concept, whereby actors in society enjoin other actors to reflect upon and ‘take ownership’ of the crisis and its implications for the social whole.

Put differently, crises cannot exist as crises except by virtue of crisis *consciousness*. Indeed, what distinguishes a “crisis” from a ‘disaster,’ ‘tragedy,’ ‘affliction from the gods,’ or other providential occurrence is the presupposition that concerted action not only *must* but *can* be taken in response. Crisis consciousness presupposes an attitude toward society as something upon which its members can reflectively evaluate and consciously steer.

Happenings in society rise to the level of “crisis” only insofar as they present themselves as urgent threats to everyday life that cannot be alleviated through normal routines of problem-solving; in one way or another, the social order can no longer continue by the same norms, rules, and taken-for-granted understandings as before. But whether or not a crisis is in fact underway is something that must be validated by all concerned; only society’s participants can be in a position to recognize that it is *their* collective identity and way of life that is affected and how. Societies cannot undergo crises unawares, and members do not experience societal crises merely privately. Crisis is a *public* concept, raised by members of a public to other members of a public about a matter of public concern, and it is only among members of a public that the objective reality and normative stakes of a crisis can be validated. To make or accept a claim that a crisis is underway is to *claim a stake* in its outcome and to *authorize* taking action, and different segments and strata of society may experience and be affected by the crisis differently, with different levels of urgency and different action needs. Moreover, crises come with a demand not only for urgent action but *exceptional* action. For public powers, this often means taking actions that are more intrusive and beyond the previously accepted bounds of procedure and authority, which in turn raises its requirements for legitimacy. Society’s

members and authorities must be ‘on the same page’ not only with regard to the ‘fact’ of a crisis but also its character, scope, severity, and stakes and, above all, what an effective and normatively adequate course of action requires. The public logic of crisis consciousness thus carries a heavy burden of discursive agreement and action-coordination—one that points to a form of legitimation that successfully honors the voices of all affected by the crisis and all subjected to the exceptional actions of public power.<sup>7</sup>

Endemic as crises may be to the capitalist mode of social organization, modern crisis consciousness as such is not a product of capitalism, for it draws in the last instance upon a distinct, deeper, and more general ground of reflexive normativity. Nevertheless, we can say that capitalism’s reproduction and development over time is dependent on its ability to draw upon the normative resources of crisis consciousness, and it is in this respect that we might posit that capitalist society requires not just public power but *democratically legitimate* public power.

As already noted, it was only with capitalism that crisis came to be recognized as a permanent feature of economic life. To be sure, pre-modern societies had known occasional famines, droughts, and even an occasional financial collapse, and Fraser’s first stage of mercantile capitalism was ushered in by a “general crisis” in the seventeenth century.<sup>8</sup> But it was only in the mid-1700s that financial and economic crashes started to become *routine*. By the early nineteenth century, political economists were beginning to

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<sup>7</sup> For a more extensive development and defense of this argument, see Brian Milstein, “Thinking Politically about Crisis: A Pragmatist Perspective,” *European Journal of Political Theory* 14 no. 2 (2015): 141–60.

<sup>8</sup> Eric Hobsbawm, “The General Crisis of the European Economy in the 17<sup>th</sup> Century,” *Past & Present* 5 (1954): 33–53.

recognize that such crises were endemic to capitalist society, and that the brunt of them would be felt by the lower classes as sudden waves of immiseration.<sup>9</sup> Indeed, the rise of economic crisis consciousness and the development of political economy as a distinct science occurred side-by-side, with the first socialist, working-class, and universal suffrage movements following shortly after. Crisis consciousness spurred on the counter-movements to marketization that Fraser identifies under the labels of “social protection” and “emancipation” in her model of the “triple movement.”<sup>10</sup>

As Fraser illustrates, each of the “general crises” that punctuate capitalism’s history leads to a reconfiguration of the relationship between economy and polity. Such reconfigurations include innovations in the way public power coordinates, supports, and regulates the capitalist economy; however, it *also* includes substantial changes in the way public powers secure legitimacy for the capitalist social order as a whole, both in response to the previous crisis and in anticipation of future crises. Hence, mercantile capitalism, which grew on the heels of the crises of the seventeenth century, was accompanied by the introduction of classic liberal rights along with the rise of parliamentary consultation (if not yet sovereignty). Similarly, the shift to liberal-competitive capitalism coincided largely with the democratic revolutions of the late-eighteenth and nineteenth centuries, while the post-World War II order of state-managed capitalism saw the institutionalization of social democracy in stronger and

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<sup>9</sup> See Rabah Benkemoune, “Charles Dunoyer and the Emergence of the Idea of an Economic Cycle,” *History of Political Economy* 41 no. 2 (2009): 271–95; Ross E. Stewart, “Sismondi's Forgotten Ethical Critique of Early Capitalism,” *Journal of Business Ethics* 3 no. 3 (1984): 227–34.

<sup>10</sup> See Nancy Fraser, “A Triple Movement? Parsing the Politics of Crisis after Polanyi,” *New Left Review* 81 (2013): 119–32.

weaker forms.<sup>11</sup> Each of the general crises that ushered in the first three regimes of capitalist accumulation has been accompanied by political crisis, bringing forth social struggles that finally resulted in an expansion of democratic capacities. With each expansion, the polity becomes able channel broader and more inclusive expressions of crisis consciousness from various segments, strata, and classes of society, which expands the capacities of the capitalist social order to manage and sustain legitimacy through crises.

Of course, expansions of democratic capacities must not be mistaken for their full realization, and the historical reality was far messier than the above may suggest. If, as Fraser asserts, “Democracy, under capitalism, must perforce be poor and weak,”<sup>12</sup> then capitalism’s ability to stave off political instability in times of crisis remains limited. As noted, public crisis consciousness places a heavy legitimation burden on how public powers define and react to crisis. Even under favorable conditions, there always remains a risk that the experiences, needs, and legitimate claims of crisis-conscious members of society will be excluded, provoking reactions and legitimation challenges. But on balance, the poorer and weaker democracy is, the more politically volatile it becomes.

As for the present regime of financialized capitalism, its restrictions on democracy are starkly visible. Though it accompanied an additional wave of democratization in the late twentieth century, democracy in the global periphery has come with the fetters of technocratic monitoring from such bodies as the IMF, World Bank, WTO, and EU.

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<sup>11</sup> See T.H. Marshall and Tom Bottomore, *Citizenship and Social Class* (London: Pluto Press, 1987); Stein Rokkan, “Dimensions of State Formation and Nation-Building: A Possible Paradigm for Research on Variations within Europe” in *The Formation of National States in Western Europe*, ed. Charles Tilly (Princeton: Princeton University Press, 1975); Jürgen Habermas, *The Theory of Communicative Action, Volume 2: Lifeworld and System*, trans. Thomas McCarthy (Boston: Beacon Press, 1987), pp357–62.

<sup>12</sup> Fraser, this volume [p7].

Meanwhile, democratic capacities in the core have actually *contracted* under neoliberal hegemony. We might ask if financialized capitalism somehow sowed the seeds of its own political crisis in a way previous regimes of accumulation had not, and what this might mean for the current crisis and what comes after.

As I said above, these comments are only suggestive. But they allow us to see how capitalism's need to keep democracy poor and weak creates a "political contradiction" for itself that undermines not only the conditions of its own effectiveness but also the conditions of its own legitimacy. If capitalism, as an institutionalized social order, depends on effective and legitimate public powers for its existence, then capitalism's propensity to generate crises for itself means those public powers must somehow be able to take on the legitimation burdens these crises produce, and this means managing the crisis-conscious expressions, expectations, and demands generated throughout society. The political contradiction of capitalism then consists in that, inimical as capitalism is to democratic legitimacy, capitalism remains greatly dependent upon it, for, in the long run, only democratic legitimacy has shown historical promise in shouldering such burdens.