



200300567

POLITICAL ECONOMY AND THE CHALLENGE OF GOVERNANCE

Lynda Herbert-Cheshire and Geoffrey Lawrence

In arguing that the state is neither separate from, nor impartial to, the inequalities of society but works to serve the interests of the ruling classes (Held, 1991: 200), critical political economy has provided important insights into the role of the state under capitalism. Where once it was seen to be the property owning classes whose interests were most frequently represented by state authorities, contemporary political economy identifies a changing role for the state – one in which it ensures global capital accumulation through the active support of transnational firms (Szymanski, 1981: 156; Stilwell, 2000: 5).

Throughout such analyses, the issue of state autonomy has been a dominant theme, yet ontological questions of what we mean by 'the state' have remained unaddressed. While once it may have been possible to see the state as a relatively unproblematic entity, it is argued in this paper that the emergence of new forms of governance, undertaken by a network of government, private and voluntary actors, requires new ways of thinking about the state.

The challenge however, is that the conceptual tools for such an activity are found within a poststructuralist framework that is not usually associated with the writings of political economy. Nevertheless, it is the purpose of this article to consider how the insights of poststructuralism might be incorporated into political economy without undermining the latter's commitment to critique and social action.

Copyright of Full Text rests with the original copyright owner and, except as permitted under the Copyright Act 1968, copying this copyright material is prohibited without the permission of the owner or its exclusive licensee or agent or by way of a licence from Copyright Agency Limited. For information about such licences contact Copyright Agency Limited on (02) 93947600 (ph) or (02) 93947601 (fax)

Traditional 'State' Theories

How has the modern state been conceptualized by the left? In a situation in which political power is seen to derive from economic power, the main task of the state is one of regulating the tensions between competing class fractions. In pure class terms, those in control of the means of production will expect the state to act on their behalf, but in a democracy it must achieve legitimacy by providing outcomes that appease members within a disparate class system. It is for this reason that Poulantzas (1969) considered the state to be 'relatively autonomous'. The state required freedom and some independence to resolve problems not only between labour and capital but also between fractions within the bourgeoisie. By being relatively autonomous, the state could also provide concessions to those class fractions that were disadvantaged by the capital accumulation process and, in doing so, could profess to be 'class neutral' – thereby supporting the myth that it represented the wishes of the people.

According to Gramsci (1971), concessions to the working class allowed continuity of rule, which, in the longer term, provided a basis for capitalist reproduction. He believed that the overthrowing of an unjust system would not occur – as Marx predicted – by a proletarian revolution premised on the mounting contradictions of capitalism but, rather, through an intellectual battle to persuade workers and others of their subjugation. The workers and their allies had to understand that the state was making concessions so as to rule by consent: the alternative was to rule by force – as with fascism. Yet, the latter would have undermined the very hegemony that promoted the capitalist ideal of democracy. For Gramsci (1971), then, the state provides benefits to both capital and labour, thereby achieving the 'active consent' of subjected classes.

Contemporary political economists are equally concerned with the role of the state in promoting ruling class interests, but now define those interests in terms of the quest of transnational corporations and other key players in the market to retain their economic advantage (Stilwell, 2000: 5). This, in turn, has raised questions about the continued relevance of the nation state as a discrete unit of political and economic processes, particularly in light of the growing power of regional and supranational

organisations such as the North Atlantic Treaty Organisation (NATO), the European Community, the World Bank and the International Monetary Fund (IMF). While there is still some disagreement over the question of the sovereignty of the nation state, it is generally agreed that the nation state has not been subverted but drawn into interconnecting and overlapping global authority structures where it actively participates in the promotion of free market objectives (see Stilwell, 1997: 8; Held, 1991: 224). Here in Australia, the pursuit of these objectives by the Federal Government can be seen to have occurred through the adoption of a neoliberal agenda which, amongst other things, has led to the withdrawal of state subsidies, the demise of trade protectionism, the deregulation of industries and the rise of notions, and practices, of community self-help and active citizenship (Stilwell, 2000; Gray and Lawrence, 2001; Herbert-Cheshire and Lawrence, 2001).

The Challenge of Governance

While many of the processes driving the neoliberal policy agenda are materially-based, there is an awareness amongst political economists that these processes have been subjected to 'selective ideological interpretation' (Koc, 1994: 265). Put simply, this means that political authorities have been able to draw upon 'factual' events that have taken place in history, but have discursively reconstructed the epistemological nature of those events in a way that is conducive to the demands of global capital (see Johnson, 1996: 12 for a similar argument). Such observations have prompted authors such as Stilwell (1997), Koc (1994), Kelsey (1995) and Gibson-Graham (1996) to regard phenomena such as globalisation as ideological or discursive constructs that deny the articulation of alternative courses of action. In response, they have identified the need for "a more systematic 'unpicking' of the nature of the 'globalisation' process" (Stilwell, 1997: 24).

What has not been embraced so readily by political economy is a similar need to systematically 'unpick' the concept of 'the state' in contemporary society. Indeed, there remains a tendency to treat the state as a self-evident, empirical entity (Watts, 1993/4: 107), which comprises the institutions of government, the judiciary, the public service and other

such organisations that are concerned with the administration of the nation (Stilwell, 2000: 299). Such representations are especially hard to maintain in an era where rule is shifting to a new form of governance: a mode of governing that no longer relies upon the formal authority of the state but involves a disparate set of government and non-government organisations working in collaboration to achieve specific goals and objectives (see Rhodes, 1995; Goodwin, 1998 and Stoker, 1998a; 1998b).

The novelty of these new arrangements, which political economy has so far generally ignored, is that governance does not simply describe the way in which the activity of government is "escaping the categories of the nation state" (Held, 1991: 204) by moving to regional or global frameworks. While it may be appropriate to speak about vertical structures of governance that cross cut and override national boundaries, it is also the case that governance arrangements appear to transcend more horizontal distinctions between the state and civil society. What this means is that dualisms of state and civil society – even when the two are seen to interact or work in partnership with one another – are increasingly problematic for understanding new forms of rule in contemporary society (see Rose and Miller, 1992; Watts, 1993/4).

The deconstruction of 'the state' that is proposed here is an activity that is most commonly found within a poststructuralist mode of thought and may seem ill-suited to the critical but structuralist interpretations of political economy. Nevertheless, poststructuralism has managed to capture the complexity of contemporary governance arrangements in a way that political economy has so far been unable, by viewing the state itself as a social or discursive category that has been constructed as separate and distinct from civil society. As a result of this separation, the state comes to be seen as *the* site of political power, with civil society demarcated as apparently non-political and, hence, 'free' from government intervention (Dean, 1994: 189). In terms of analyses of the state, therefore, the outcome has been a debate amongst political economists over whether the state has as much power under advanced capitalism as it once did, and a lack of sustained attention to the way in which seemingly non-political practices have now become bound up in the activity of rule.

From a Foucauldian governmentality perspective, on the other hand, modern forms of power are seen to occur less through the formal structures of the nation state – or, for that matter, through supra-national authorities – and more through a complex network of *localised* power relations. These relations cannot be reduced to any one-way domination of one class by another, but are made up of shifting alliances between individuals and groups, which fracture and re-form according to different issues and interests (Foucault, 1978: 96). It is through this network, moreover, that micro level practices of human conduct become connected up with the large scale exercise of political power (Dreyfus and Rabinow, 1982: 111), thus allowing political authorities to govern 'at a distance' (Latour, 1987: 219). At the most micro and apparently non-political level is the construction of the active (Dean, 1999: 168) or self-governing (Rose, 1996: 40) citizen who, in 'freely' choosing to align his or her conduct with the socio-political objectives of advanced capitalism, renders the excessive imposition of state power unnecessary (Miller and Rose, 1990: 8).

An Example: Governing Rural Development

A practical example of this alternative analysis of the state may be found in the context of Australian rural development policy where discourses and practices of self-help and active citizenship have been emerging since the early 1990s (see Herbert-Cheshire, 2001; 2000; Herbert-Cheshire and Lawrence, 2001). Consistent with the governance framework described above, the task of addressing rural industry and community downturn is no longer the sole responsibility of Federal and State governments, but is expected to occur through a range of partnerships between state and non-state actors and agencies that cross-cut the state-civil society divide. Traditional theories of the state have viewed these new arrangements in terms of either the 'rolling back' of a weakened nation state (see for example, Bryson and Mowbray, 1981; Sher and Sher, 1994; Murdoch, 1996), or the empowerment of rural people as they are encouraged to choose their own solutions to the problems they face. A governmentality interpretation, on the other hand, would argue that self-help has little to do with freedom or empowerment,

but is governed in such a way as to ensure some politically desirable outcomes are more likely to ensue than others.

In the sphere of rural development, these ambitions revolve primarily around the production of a profitable and financially self-reliant rural sector, which fosters its competitive advantage through value-adding and niche marketing. Moreover, the pursuit of these objectives does not occur through the top-down imposition of 'state' will but, rather, through the adoption of disciplinary and regulatory mechanisms that encourage self-control amongst the rural population at large. Rural leadership training programmes, motivational 'rural futures' conferences, expert advisors and other capacity building techniques are all designed to imbue the rural population with the skills of rational self-government, yet they also have an appearance of being non-political – often voluntary – activities that protect the autonomy of rural people from state intervention. Overlooked in conventional theories for being outside the realm of the state, these programmes connect micro-level acts of self-help to the macro scale activities of the state and are therefore crucial in an analysis of the exercise of modern forms of power.

Implications for Political Economy

The challenge, therefore, is this: can we develop a more reflexive political economy that is open to these insights from Foucauldian-inspired poststructuralism, without undermining the commitment of political economy to critique and social action? There are, in fact, legitimate concerns within political economy that Foucauldian discourse analysis descends so far into the realm of the ideological or textual that it becomes, "transparently detached from material processes" (Jones, 1994: 56) and incapable of political engagement (see O'Malley, Weir and Shearing, 1997: 507). This latter concern appears well-founded, although poststructuralists do point out in defence of the former that discourse analysis has more to do with practice than with language or ideology (Watts, 1993/4: 136). Indeed, Foucault captured the practical essence of discourse through his analysis of 'discursive practices' (1985: 4), which he defined as knowledge embodied, not just in text but in various techniques, institutions and instruments of material intervention, before

setting out to uncover their 'real' and observable effects (Foucault, 1986: 232; Clegg, 1989: 153).

In conclusion, it should be possible for political economy to conceptualise the state as a discursive construct while recognising that its role is still an important one in contemporary society and that its policies have practical implications for economic and social well-being. A Foucauldian-inspired re-interpretation would not downplay the claim that the techniques of governance are established to serve particular interests such as those of global capitalism. What Foucauldian theorists do try to avoid, however, are questions about who has power – that is, the nation state or transnational corporations – in favour of how power *and* resistance are exercised in all their (global and local) forms (Dean, 1994: 179). This moves the analysis away from the identification of the working class and its allies as the vehicle for revolution and the ultimate defeat of capitalism. In so doing, it also renders the meaning of proletarian 'praxis' questionable. But what it achieves, we would argue, is a deeper understanding of the complex nature of power relations, the insights of which would help, over time, to provide an explanation for oppression and social exclusion, and a potential basis for new forms of social action.

References

- Clegg, S. (1989) *Frameworks of Power*, London, Sage Publications.
- Dean, M. (1994) *Critical and Effective Histories: Foucault's Methods and Historical Sociology*, London, Routledge.
- Dean, M. (1999) *Governmentality: Power and Rule in Modern Society*, London, Sage.
- Dreyfus, H. and Rabinow, P. (1982) *Michel Foucault: Beyond Structuralism and Hermeneutics*, Brighton, Harvester Press.
- Foucault, M. (1978) *The History of Sexuality Volume 1: An Introduction*, London, Penguin.
- Foucault, M. (1985) *The History of Sexuality Volume 2: The Use of Pleasure*, London, Penguin.
- Foucault, M. (1986) "Disciplinary power and subjection", in S. Lukes (ed) *Power*, Oxford, Blackwell Publishers, 229-42.
- Gibson-Graham, J.K. (1996) *The End of Capitalism as we Knew it: A Feminist Critique of Political Economy*, Oxford, Blackwell Publishers.

- Goodwin, M. (1998) "The governance of rural areas: some emerging research issues and agendas", *Journal of Rural Studies*, 14(1), 5-12.
- Gramsci, A. (1971) *Selections from the Prison Notebooks*, London, Lawrence and Wishart.
- Gray, I. and Lawrence, G. (2001) *A Future for Regional Australia: Escaping Global Misfortune*, Cambridge, Cambridge University Press.
- Held, D. (1991) "Democracy, the nation state and the global system", in D. Held (ed) *Political Theory Today*, Cambridge, Polity Press, 197-235.
- Herbert-Cheshire, L. (2001) "Governing development: self-help as discursive practice in contemporary rural Australia", Unpublished PhD Thesis, Rockhampton, Central Queensland University.
- Herbert-Cheshire, L. (2000) "Contemporary strategies for rural community development in Australia: a governmentality perspective", *Journal of Rural Studies*, 16(2), 203-15.
- Herbert-Cheshire, L. and Lawrence, G. (2001) "Creating the active citizen: fostering entrepreneurship in rural Australia", XIXth Congress of the European Society for Rural Sociology, Society, Nature, Technology - the Contribution of Rural Sociology, Dijon, France, 3-7 September.
- Johnson, C. (1996) "Shaping the social: Keating's integration of social and economic policy", *Just Policy*, 5, 9-16.
- Jones, E. (1994) "Economists and the state", *Journal of Australian Political Economy*, 33, 36-64.
- Kelsey, J. (1995) *Economic Fundamentalism: The New Zealand Experiment: A World Model for Structural Adjustment?*, London, Pluto Press.
- Koc, M. (1994) "Globalization as discourse", in A. Bonnano, L. Busch, W. Friedland, L. Gouveia and E. Mingione (eds) *From Columbus to ConAgra: The Globalization of Agriculture and Food*, Lawrence, Kansas, University Press of Kansas, 265-80.
- Latour, B. (1987) *Science in Action*, Cambridge, MA, Harvard University Press.
- Miller, P. and Rose, N. (1990) "Governing economic life", *Economy and Society*, 19(1), 1-31.
- O'Malley, P., Weir, L., and Shearing, C. (1997) "Governmentality, criticism, politics", *Economy and Society*, 26(4), 501-17.
- Poulantzas, N. (1969) "The problem of the capitalist state", *New Left Review*, 58, 67-78
- Rhodes, R. (1995) *The New Governance: Governing Without Government*, Swindon. Economic and Social Research Council.
- Rose, N. (1996) "Governing 'advanced' liberal democracies", in A. Barry, T. Osborne and N. Rose (eds) *Foucault and Political Reason: Liberalism, Neo-liberalism and Rationalities of Government*, Chicago, University of Chicago Press, 37-64.
- Rose, N. and Miller, P. (1992) "Political power beyond the state: problematics of government", *British Journal of Sociology*, 42(2), 173-205.

Stilwell, F. (1997) "Globalisation and cities: an Australian political - economic perspective", *Urban Research Program, Working Paper, No.59*, January 1997, Research School of Social Sciences, ANU.

Stilwell, F. (2000) *Changing Track: A New Political Economic Direction for Australia*, Sydney, Pluto Press.

Stoker, G. (1998a) "Governance as theory: five propositions", *International Social Science Journal*, 155, 17-28.

Stoker, G. (1998b) "Public-private partnerships and urban governance", in J. Pierre (ed) *Partnerships in Urban Governance*, London, MacMillan, 34-51.

Szymanski, A. (1981) "The role of the state in society", in S. McNail (ed) *Political Economy: A Critique of American Society*, Texas, Scott, Foresman and Company, 156-88.

Watts, R. (1993/4) "Governmentality and modernity: an essay in thinking governmentality", *Arena*, 2, 103-57.

