Heilbroner mentions this development, but simultaneously brushes it aside. Like all thinkers in the "liberal humanist" tradition, his final appeal is to that individualism which continues to be cultivated, however shallowly, by contemporary capitalist society. Those with similiar commitments to authentic individualism will find comfort in sharing Heilbroner's conviction that there does indeed exist a uniqueness, a "final autonomy" within each person, however obliquely that autonomy is rendered under capitalist civilisation, and however likely the possibility that this autonomy may be obliterated entirely within the civilisation of the future.

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James O'Conner, *The Fiscal Crisis of the State,* New York: St. Martin's Press, 1973.

In the relatively short time since its publication, this work has rightly become a classic in the crisis theory literature and benchmark for current Marxist analyses of the capitalist state. Through his consideration of the United States, O'Connor develops a general analysis of the advanced capitalist economy which gives sufficient theoretical emphasis to the greatly enlarged and transformed role of the state. While forcefully arguing that an analysis of the capitalist state must be grounded at the level of economic contradiction, O'Connor contends that in monopoly capitalism the state necessarily assumes an increasingly decisive role in exporting this contradiction to the political level, where it assumes the form of a budgetary or "fiscal crisis". In doing so, he succeeds in *initiating* this much needed politico-economic analysis and brings to the fore two most significant advances within contemporary Marxist debate: the denial of reductivism (and hence the conception of the state as simply a direct organ of the bourgeoisie) and the question of the state's possibly problematical role in capitalist accumulation.

O'Connor seeks to explain the necessarily symbiotic relationship between the monopolized accumulation process of advanced capitalism and its increasing reliance upon the sphere of state activity, while simultaneously indicating the potential for crisis inherent in this relationship. Unfortunately, he continually subverts the force of his thesis by attempting this within what amounts to a Galbraithian understanding of the U.S. economic structure. Within this schema, the major contradiction appears at the *market* level, among the sectors of monopoly, competitive and state capital. In fact, he even goes so far as to place this trichotomy at the centre of the political struggle. In bringing

Galbraith to Marxism, O'Connor often loses sight of the fact that the essence of the crisis is to be found at the level of production, that is, in the state's structural inability to underwrite successfully the production of surplus value. At times, the primacy of the (indirect) productivity of state action is lost in this market analysis of the imbalanced distribution within and between the private and public sectors. This leads to a fruitless formulation of class relations, upon which his revolutionary hopes are placed for a sectoral class alliance between the relative surplus population and the disaffected state employees. Ultimately, this formulation reduces his political prescription to a dream of "spontaneous consciousness-raising" reminiscent of the 1960's.

In spite of his rather time-bound political prescriptions and his overemphasis on a market-level, sectoral analysis, the strength of O'Connor's work lies in its investigation of the nature of economic crises and the state's role in the displacement, management, and yet exacerbation of such crises. Here the analysis relies on a distinction between two essential functions of the state: accumulation and legitimation. The state must maintain or create the conditions in which profitable capital accumulation is both possible and necessary for social harmony to exist. These functions are directly reflected in the two forms of state expenditure: *social capital* (*e.g.*, state R & D and transportation) which is required for profitable accumulation and indirectly expands surplus value and *social expenses* (*e.g.*, welfare) which are necessary for the state's "legitimation" function but do not expand surplus value.

With regard to accumulation, it is through the state's absorption of social capital expenses that private capital is able to have the state "socialize" the costs of *its* accumulation process. This "socialization" process proceeds either in the form of the provision of constant social capital ("social investment") which increases the productivity of labour power, or of variable social capital ("social consumption") which lowers the reproductive costs of labour.

However, because of its high organic composition, the growth of monopoly capital results in the generation of a surplus productive capacity and a surplus population. Together with the attendant environmental damage, this development leads to increased state social expenses. O'Connor thus presents a scenario wherein the state must increasingly engage in social investment and consumption spending to protect accumulation (and therefore its own revenues) which results, however, in the *private* accumulation of social surplus and the creation of a further need for a growing state allocation of social expenses and social capital. Thus, it is the increasing "socialization of costs" by the state, in conjunction with the continued private accumulation of profits, which creates a "structural gap between expenditures and revenues". This gap reveals that the state is caught within a circular and paradoxical trap from which it cannot escape. For in order to expand its revenues, the state must enhance productivity in the dynamic monopoly sector via social capital expenditures. However, it is this productivity which itself multiplies the need for expenditures covering social costs, most notably those required to maintain the surplus population, thus indirectly undermining general productivity. Hence, the very response necessary for the state's attempt to close the structural gap itself generates the vicious cycle of a ''fiscal crisis''.

By uncovering the necessarily paradoxical role of the state in this way, O'Connor underscores the relatively autonomous nature of the state's attempt to resolve the economic crisis at the political level; while on the other hand, he recognizes that political resolution is ultimately accountable to the economic logic of the system. Although demonstrating the structural importance of state autonomy, O'Connor continually minimizes its full implications. This is evident in his superficial presentation of ''legitimation'' as simply the allocation of social expenditures, rather than as the functioning of the full political and ideological apparatuses of the state. The extent of O'Connor's oversight becomes evident when contrasted with Habermas' rather extreme position of interpreting the crisis almost exclusively on the ideological level, in the form of a ''legitimation crisis''. In this respect, O'Connor's thesis has engendered an increasingly polemical debate centred upon the autonomous role and legitimizing function of the state.

O'Connor's examination of the ''fiscal crisis'' concludes with what amounts to a very confused application of a theoretical approach whose grasp of the economic foundations of the crisis is insightful. Since the state's fiscal crisis consists of its inability to absorb externalities (*i.e.*, surplus population and surplus capacity), the state must systematically attempt to create conditions under which these externalities can function as commodities, a strategy of ''administrative recommodification'' to use Offe's term. Unfortunately, O'Connor provides only a vague and poor formulation of this strategy leading to a ''social-industrial complex'', wherein the state somehow aligns itself with the forces of efficiency and pursues a program resembling a Marshall Plan for the cities and marginalized. This hazy prescription, like that of his ill-conceived program for possible radicalization, should be seen as a reflection of his (at times) purely market formulation of political and economic structures, a weakness which contradicts his otherwise crucial grounding of the fiscal crisis in the economic contradictions of monopoly capitalism.

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