The state of the State in Geography : A Review Essay

John Bradbury

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Résumé de l’article


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THE STATE OF THE STATE IN GEOGRAPHY

by

John H. BRADBURY

Department of Geography, McGill University
Montreal, Quebec H3A 2K6

ABSTRACT

In the past recent years, some economic and political geographers have focused their attention upon the role of the state in the capitalist society. In this article, the author makes a historical review of the main contributions of geographers as to this aspect, he presents the most recent developments of the theory of state stemming from other disciplines, and he proposes four possible ways of interpreting the function of the state in a developed society: that is, the relations of state to circuits of capital, to corporations, to capital and classes and, finally, to fiscal policies.

KEY WORDS: Political geography, theory of the state, circuits of capital, corporations, class structure, fiscal policies.

RÉSUMÉ

John H. BRADBURY : Une théorie géographique de l’État


MOTS-CLÉS : Géographie politique, théorie de l’État, flux de capitaux, corporations, classes sociales, politiques fiscales.
In 1978 I reviewed a recent book for Les Cahiers de Géographie, *The Canadian State: Political economy and political power*, (University of Toronto Press, 1977), edited by Leo Panitch. At that time I considered this book to be an important contribution in a particular genre because it provided a good understanding of the regional aspects of the role of the state in Canada. Subsequently I have looked in greater detail at other commentaries and at other modern theories of the state both within and outside Canada and within and outside geography. In looking at this body of literature I have endeavoured to assess what its theoretical context is and what its possible contribution to geography has been. It is obvious that there is an extensive body of literature which has blossomed outside geography and which is potentially useful at the interface between geography and its related disciplines.

In recent years a number of theorists in western Europe and in North America have contributed to an understanding of the role of the state in modern capitalist societies. The great majority of these writers, including Miliband (1973), Poulantzas (1974, 1975), O’Connor (1973) and Gough (1975), are in the fields of political science and economics. Increasingly a number of geographers, albeit small, have endeavoured to cross these lines in an attempt to provide modern theory of the state for political and economic geography (Harvey, 1976; Johnston, 1979, Taylor, 1980; Dear & Clark, 1978). This is not a matter of theoretical trespassing but a step necessary for the effective fertilization of theory in geography. This present paper has several purposes: firstly to discuss several components of the historical background of geography and the state; secondly to very briefly review the developments of theory in other fields; and finally to provide a framework for four possible ways of looking at components of the modern state in a geographic context.

The “state” as a geographic concept has gone through a number of changes over time. The first attempts to formulate a theory of state action arose in the late 19th and early 20th century. It has been variously viewed as an organic geographic area with defineable boundaries incorporated as a region; as a geographic, military and political spatial entity; and latterly as an element of the system of production and consumption in political and economic geography.

The roots of the organic analysis of the state lie in the realm of geopolitics and political geography in the 19th century. The doctrines and teaching of Ratzel in particular bear heavily on the early conceptions of the state. To the geopoliticians the organic theory of society and state permeated anthropo-geography, largely because Ratzel formulated his principles at a time when Herbert Spencer and social Darwinism exercised a wide influence on European thought (Fischer *et al*, 1967). However, it was Kjellen, a Swedish political scientist, and not Ratzel and his disciples, who is generally acknowledged as the originator of systematic geopolitics (Raffestin, 1980, 8-12). Kjellen’s ideas were later advanced by German political geographers such as Haushofer who were concerned very much with the notion of Lebensraum, racial dominance, and military expansionism. In addition to Kjellen, Ratzel and Mackinder provided Haushofer with a number of his basic concepts, though he developed them to a greater degree than had his predecessors. In the writings of all these geopoliticians, we find the state regarded as a living organism:

“... the great powers emerged in Europe because of internal necessity, by natural growth, and by natural selection, in the struggle for life, i.e. through purely historical processes, independent from the rules of formal juridical development... Great powers emerge and grow, so we see them also wither and die; therefore they are at least partially subject to the laws of life and can, therefore, be studied by biological methods.” (Fischer *et al*, 1967, 316).

Mackinder, Kjellen and other geopoliticians advanced a further set of organic arguments suggesting that the state was a power composed of four integrated elements, na-
mely, geographical, ethnic, social and constitutional. In this same descriptive sense the organic state was also an empire, a nation and a society. According to this theory there were "great powers and lesser powers"; great powers were expanding states in which the process of dominance and subordination became operative. Accordingly the strong may devour the weak, and nations devour nations and only the fittest survived in the "natural order of history" drawn from the precepts of social Darwinism and reductionist analogues.

Ratzel had a number of followers and antecedents who developed or discarded his theory of the state as an organism. Ellen Semple, a student of Ratzel, rejected his ideas in a publication in 1911. Several other geographers including Davis, Huntingdon, Whittlesey and Mackinder chose to follow various formulations of geopolitics and political geography. Two further threads developed, namely the growth of political geography and the state, and the study of boundaries and frontier zones and territories (Prescott, 1965, 11-18). Valkenburg in a text on political geography noted for instance that states pass through stages from youth to adolescence, to maturity and to old age; an analogy not unlike that of Davis in his geomorphological cycles of land form development (and not dissimilar to the sterile observations of W.W. Rostow's latter day comments on stages of economic growth) (Huntingdon, 1920, 663).

Mackinder, probably the best known British advocate of political geography in the early 20th century, drew extensively on the notion of the organic and expansionist state, combined with frontier and boundary studies. Writing in 1919, he saw the rivalry of empires as a process of boundary extensions and the absorption of inferior by superior states (these were of course comments made after observing the boundary changes and military expansion of World War I). The level of gross or macro-analysis was further deployed by Mackinder in a series of comments on "economic competition in the late 19th century", in which the competition occurred between states at national levels, rather than between different firms and different forms of capital. His major overall theoretical statements were direct translations of the concepts of dominance and subordination, competition, and social Darwinism, all combined into what he labelled a heartland-hinterland-coastland thesis (Mackinder, 1919, 160). His studies were largely a type of regional description laced liberally with racism thinly veiled as determinism, but nevertheless embracing notions of race, racial origin, race conquest, and dominance by right of superiority. His was an interpretation of geography and history that included the ideological legitimation of economic and military imperialism by states.

In less explicit circumstances Mackinder employed a very large descriptive brush beneath which continents and states were set against states; culture, economics and society were explained by the shapes, size and proximity of nations and states. In sweeping generalizations of crescent shapes and circles, he blocked out a picture of world power(s), nation states and power politics. Europe and Asia were grand continental pivots surrounded by peninsular fringes of India and Africa, and mediated by smaller countries acting as crescents between land masses (James and Jones, 1954, 80-84). The combination of dramatic shapes with forms of size and shape determinism was, to say the least, uninspiring and descriptive, and lacking in analytical perspective, and historical specificity and meaning. The meaning of power and power relationships of states became confused with the identification of the state itself with the emotions and designs of individuals within it. The ideas expressed by Mackinder (et all) became the license for land grabbing and military expansion. The general tenor of the theory became the rationale for the destiny of powerful and weak national states; and it became a conventional and convenient rationale for warfare and colonial conquests (Whittlesey, 1943, 79-80). Insofar as most geopolitical thinking of this nature was based on an organic analogy of the state and the ideological dominance of chauvinism and militarism, it is not surprising that this particular form of
geographic theory of the state fell into disrepute. Although to counter this, the term geopolitics, like geographical determinism, was common enough once, to provide it with the inertia of popular use, as well as ideological support for later studies of a similar nature (Hoselitz, 1959, 81).

MODERN STRUCTURALIST STATE THEORY

In modern structuralist theory the capitalist state is no longer seen as a simple organic construction. Rather it is viewed as a capitalist institution which formulates policies and laws, channels capital, and creates physical and social infrastructure in order to ensure the continued accumulation of capital in the private/corporate sector. The state and government mechanisms are created for the maintenance of a social order sufficient for the carrying out of production, capital accumulation, consumption, and social existence. In order for this to take place the state has become an integral part of the economic, political, social and ideological structure of society (Dunford, 1977, 11-12). The state is viewed as an institutional form embracing various levels of government and public activity. In this context the state is not considered as merely a physical and political region, nor merely as a nation state with defineable boundaries. In advanced capitalist society the institutional mechanisms of the state assume a number of forms including government departments responsible for specific activities such as roads or railways, or welfare.

Few modern geographers have sought to evolve a specific theory of the state. This is probably because the field has been occupied by economists, especially those interested in development studies, and by political economists, political scientists and sociologists (Browett, 1980). Raffestin has argued that all geographical analyses of the modern state should be derived from a triad study of territory, population and authority. He also argues that it is necessary to derive a problematic of the forms invested in power as well as the relations which determine forms as a morphological principle. However, while he argues that relational aspects should precede the morphological problematic, much of his analysis tends to focus on the latter (Raffestin, 1980, 18-23).

Recently proponents of the German schools have argued quite strongly that there is no logical necessity to produce a specific theory of the state per se, but rather what is needed is a more comprehensive theory of capitalist society and capital accumulation — including aspects of the state. Several geographers have reviewed the literature in the overall field but only minimal attempts have been made to utilize theories of the state in geographic studies (Dear and Clark, 1978; Harvey, 1976; King and Clark, 1978; Johnston, 1979; Taylor, 1980). Several theses in geography and in related fields have illustrated the value of examining the state from a geographical perspective at the local, national, and regional level; undoubtedly there are others being researched and written (Fischer, 1979; Mehta, 1978; Ruddick, 1979; Serge, 1979). A number of authors argue that it is in these three areas, the local, regional and national spheres, that the potentially most valuable geographical contributions lie. This is largely because the state provides the institutional context and the raison d'être of so many of the processes which take place in different geographical spaces. Clark and Dear (1978) have attempted to provide a geographic context for such studies by looking at the institutional framework of state action, and regional and class influences on state expenditures. They identified five general areas of the role of the state as follows:

"(1) Supplier of public or social goods; (2) regulator and facilitator of the operation of the market place; (3) social engineer, in the sense of intervening in the economy to achieve its own policy objectives; (4) arbiter between competing social groups or classes; and, (5) agent within society and the economy on behalf of some ruling elite."

(Clark and Dear, 1978: 174)
While these categories cover a wide range of activities of the state in modern capitalist society, a great deal of empirical work is necessary to demonstrate their viability as well as their use for geographers. The emphasis in the geographical literature to date, with few exceptions, does not embrace such categories, rather it has been to define and outline government policy without analysing many of the reasons for state action or its long term repercussions from a geographical perspective (Wilbanks, 1980). Indeed the use of categories is only a beginning step. A broader theoretical setting in a geographical context facing geographical questions is required before further progress in the geographic use of modern theory can be made. Following on from Clark and Dear there are four areas of theory which may be identified as potentially useful contributions to geographic analysis: (1) the state and circuits of capital; (2) the relationship of the state to corporations, to forces of production, and to capital accumulation; (3) the relationship of the state to capital and to classes; and (4) the interventionist state and modern fiscal policies. These four areas could be applied to geographic questions of different location and distribution of goods and services. The differential location of enterprise and industry, and the biases inherent in the allocation of state expenditures to development projects, to social services, and to infrastructure in the built environment, are an implicit part of state action in a geographical context.

As I mentioned initially there is an extensive and growing literature on the role of the state in several different disciplines. Cockburn (1978), Dear and Clark (1978), Fine and Harris (1976), Folin (1979), Gough (1975), Jessop (1977), King and Clark (1978), Mandel (1975), Miliband (1973), Poulantzas (1975) and Yaffe (1973), to mention but a few, (almost all non-geographers), have dealt in detail with the nature and role of the state in modern capitalist society. The broad issues raised in their work have spawned a number of subsidiary questions related to the manner in which the state legitimizes some activities of private enterprise, and facilitates others by means of investment (of state capital) in infrastructure and state enterprises. For instance the state may act as a facilitator of the activities of private capital by creating laws, taxation structures, investment attractions and regional and urban planning for corporations in the industrial, financial, and commercial sectors of the economy. Similarly the state can move to serve the interests of the dominant classes and the dominant capital formations by supporting the differential locations of industry, of infrastructure or of urban public facilities. Analysis of the differential location and allocation of state capital and facilities is of potential value to geographical theory, for it may permit the distinction between regions or urban neighbourhoods, or even specific classes of people by localities (which are subject to different rates of state and corporate investments). In addition the state may assist the private sector through law structures and regulations which sanction and mediate the relations between the state and corporate structures; between state corporations and utilities and private capital; and between the state, private capital and the labour force. This latter may be mediated through labour laws, hours of work regulations and welfare, and health and education expenditures.

Pluralist theory sees the state as a mechanism for the equitable distribution of power and rights in civil society. Structuralist theory sees the state as a mechanism which operates in a network of financial, class, ideological and political relationships (Jessop, 1977; Hirsch, 1978). The particular bent of geographical analysis fits this latter type of theory better because it permits a different level of understanding of society, state and environment relationships. It is apparent in this particular context that what we know as government and state bureaucracy as well as other mechanisms of the state, are increasingly becoming integral parts of production sectors, of the dominant process of capital accumulation, of social life, and of the very existence of modern capitalist society. In such circumstances the state may express its economic, ideological and political purposes in the
form of direct intervention in production, in the circulation time of capital, in capital accumulation, and in the provision of industrial and social infrastructure. In these particular forms of intervention and activity it is possible to see what degree of influence the state has on the production process, on the distribution of goods and services, and on locational factors and stability within the built environment.

FOUR POTENTIALLY USEFUL COMPONENTS OF A STUDY OF THE STATE AND GEOGRAPHY:

The State and Circuits of Capital

The primary motivation for development and growth comes with capital accumulation and with the expenditure of capital and investment in the capitalist economic system. Given this it is important to investigate the processes and interstices of growth, the processes and form of uneven development, and the form and nature of capital itself in order to delineate the possible geographical components of State action. The State is one of the actors, but certainly not the only one, which influence the style, type and location of investment in different areas of the economy and landscape (Pickvance, 1976). While transformations of the built environment may result directly from state action it is the relationship between the state, capital, productive forces and infrastructure which is probably of greatest research interest and potential. Many landscape transformations and local and regional developments are the end result of a series of relationships between representative institutions of the state and capital (Folin, 1979; Hirsch, 1978); the difficulty being, however, to distinguish between the various components and the different empirical and geographical levels.

The purpose in outlining the different circuits of capital and their transformations here, is to establish that a number of institutions, including banks, merchants, manufacturing establishments or builders, have different needs within the geographic built environment. They have different needs in terms of the amount of space they occupy, their access to suitable locations, their need for infrastructure and services, and the amount of time needed for long term investment in a particular project. The state may interact with any of these institutions to fulfill their needs; as well it may express a differential bias towards the needs of different forms of capital in specific locations through investments of its own or through political policies and laws. In addition different levels of government may be called upon to invest directly in the different circuits of capital. In other circumstances competition between regional, local or national levels of government may be used to the advantage of firms wishing to gain most from state subsidies or investments. Inter-state competition may also work to the disadvantage of specific regions especially when firms seeking maximum advantage relocate facilities or factories across regional or even national boundaries. It should also be born in mind that different levels of the state, or even different sectors or departments of the same bureaucratic structure may sometimes be unaware of mutual activities. In such situations state actions become contradictory or confused (or both). In other circumstances competition between recipients of state funds within different circuits of capital, especially those related to class derived struggles, may bring about differential investment patterns expressed in class, regional, local or national patterns.

Thompson (1977) argues that within the total productive circuit of capital there are three basic forms: money capital, commodity capital, and productive capital. The commercial (merchant) capital is the simplest form involving the transformation of money capital (M) into commodities (C) and then into money capital (M') all within the sphere of circulation (M-C-M'). The state may operate at several different levels in the merchant circuit: it
may directly aid the transactions of M to M' by means of laws affecting trading relationships, operating hours, trading laws, licensing, taxation, and wage rates, all of which affect, in part or in whole, the rate of profit in a merchant's operations.

The circuit of interest bearing capital, on the other hand, in which banking capital and "finance" capital are combined to produce M-M' growth on investments, is involved directly and almost entirely in the sphere of circulation. It is a form of money which is loaned out by lending institutions to be invested in plan and production operations in an industrial capital circuit, or in building capital or in real estate. The state may influence this particular circuit by means of controls or directives aimed at credit availability, and interest rates influencing the cost of credit; and through direct methods of controlling or enticing capital into regions and cities through subsidies, business guarantees, and cheap loan rates administered through government (crown) mortgage agencies. By means of controls over mortgage rates and lending interest rates, the state can influence both the quantity of interest bearing capital available at any time, the locus of its placement in other circuits of capital, and its location at physical sites on the landscape. The use of devalorized government (crown) capital by government utilities and agencies can also increase the rate of valorization of money-capital by absorbing costs (socialization of production costs) which would otherwise be borne by companies, and therefore subtracted from the rate of profit of money capital in the finance circuit. The state therefore acts in accordance with the designs of money capital to maintain and preferably increase the profit in the lending market.

There are both long and short term effects on the geographic environment in this particular circuit. Upswing and downswing in the economy can result in changes for instance in the building or manufacturing industry. The number of new construction starts in housing can directly influence change in the built environment. Where the state is involved in housing directly, or where state subsidies are offered to the building industry, state involvement on the landscape and in the built environment is at its most tangible. The level of investments in office blocks, apartment housing and other forms of rental accommodation may be influenced both directly and indirectly by the state; directly by competitive housing provided by the state, and indirectly through the application of laws or building codes which may influence the quality of construction and the turn over time of capital invested in the built environment. The state is not always directly responsible for changes in such investment patterns, nor for the upswings and downswings in a regional economy. However, by means of access to decision makers in central banking systems which control prime lending rates, the state has a degree of input into decisions on investments at the aggregate level. In many cases however it merely follows the direction and directives of the banking sector, especially in decisions affecting major investments in the built environment, viz. construction sites, CBD highrise buildings or major factory constructions.

The third circuit of capital is industrial capital, indicated here as C-M-C. Historically industrial capital results from the complex interwining of a number of different capitals. Palloix (1977) argues that: "The actual circuit of industrial capital... is not alone the unity of processes of circulation and production but also the unity of all its three circuits (money-capital, productive-capital, and commodity-capital)". Within this particular network of capital forms, industrial capital was dominant; it also used banking capital, commercial capital or building capital for its own purpose.

In the 1960's and 1970's the distribution of industrial capital, money capital and productive capital assumed significantly greater international proportions than ever before. Indeed the international operations of large firms placed a new form of capital in circulation not only within countries but between countries making the state's task of control more complex and difficult. The new form of finance capital embraced the forms of capital,
including industrial capital, which a multinational firm required for its operations. The structure of this form of financing enabled easy transfers of money and production capital to achieve higher rates of capital accumulation. The most direct technique used is the movement of capital, geographically and sectorally, to countries and to economic activities yielding the highest rates of profit (Drache, 1977; Susman, 1980). In some instances the state is able to control such movements, in others its only option is to provide relocation funds, development incentives or welfare.

As well as direct intervention in the circuits of capital the state may aid the accumulation process by attempting to counteract the tendency of the rate of corporate profits to fall. If for instance we look closely at the actions of the state and capital in urban areas, it is apparent that capital becomes located in either the physical infrastructure of the city (buildings, roads, housing, etc.), as well as in financial or circulation sectors of the area’s economy. The state may function here by stimulating the turnover time of capital. In this manner it is possible to see direct linkages between the actions and ideological perspective of the state, and various geographical locational strategies of capital.

A further form of stability for capital can be offered by the securing of property rights and the establishment of loan and security rates to ensure a reasonable turnover time. Similarly the state may provide security in the form of bond issues of its own to stabilize the physical infrastructure of neighbourhoods, or to prevent the deterioration of the quality of neighbourhoods or downtown areas where prime investment areas are located. In other circumstances the state may approve and facilitate the improvement of city blocks by investing in public housing, thus relieving the various forms of building capital of such activities and allowing it to invest in more lucrative areas of urban building. Furthermore the state acts on a broader base by managing and repairing the major contradictions inherent in capitalist production and investment. It may achieve this end by mediating between the conflicting forces, such as those related to the expenditure of welfare and housing funds in ghetto areas of a city, or by acting as an intermediary in class conflict over dispersal of social services (firefighting, footpaths or playgrounds) (Castells, 1977).

Jurisdictional conflict between different state levels, such as national, regional or local, may also create biased distributions of the same expenditures in housing, services or industrial infrastructure. Stevenson (1977) for instance, argues that regional governments serve distinctive regional class interests. He suggests that:

“In dissecting the structure of the state system the state-at-the-regional level can be viewed for some purposes almost as a self-contained complete system, although one that is strongly influenced from the outside.”

The strength of state power at the regional level is derived from the presence of elements of the ruling class in a region, who because of their particular interests (in ressource extraction) may tend to support regional rights over the powers of a national government (Bourque, 1979). Similarly the interests of different ruling classes in different regions may conflict with those of other regions thus bringing about conflict between different levels of government. Stevenson suggests that regional class fractions may also rely on their regional states to promote their specific interests with the central government or with external governments and international capital. Thus the form and location of development in different regions is to a degree dependent upon the availability of a particular resource, as well as the interrelations of the state with different class fractions, different forms of capital and differential allocation of state funds and infrastructure.

Our discussion of the state so far has been limited to the intermeshing of capital and the productive sectors of the economy. Along with this form of interaction, and together with the forms of urban policy discussed briefly above, we must also consider areas such
as labour laws, education and health, all of which combine to ensure the health, productivity and continued physical and ideological support of industrial and finance capital.

Labour laws which ensure the length of a working day, or laws which ensure conditions of work in factories or plants, are all part of the state's role in providing optimum conditions for the accumulation of capital and the rate of profit. Similarly these laws ensure the maintenance of a system of production which geographers can observe on the landscape as factories or mines or mills. As such we must argue for a formulation of state activities within the purview of geography which allows an holistic explanation of society as we see it. Thus it is possible to analyse the role of the state in terms of its relationships to industry and to economic growth, to regional development and underdevelopment, and to location problems and landscape analysis. The state can no longer be considered outside the realm of geographic analysis in its traditional form as a simple intervenor, rather it must be seen as a fully identifiable and viable part of the system which creates and shapes economic landscapes.

The Relationship of the State to Corporations

In advanced capitalist countries in the 1970's the major development in corporate forms occurred in large transnational companies. Alongside this growth there was a noticeable relocation and centralization of capital in larger and more complex firms with head offices located in major metropolitan centres. In addition there was an increasing internationalization of capital, and a rapid growth in the number of firms relocating operations in peripheral economic formations in the third world resulting in what several authors have termed the deindustrialization of the first world (Palloix, 1975; Kay, 1975; Drache, 1977). These patterns of expansion and restructuring of international capital across national boundaries resulted in changes in the role of the state, especially changes related to policing flows of capital, foreign investment, and industrial relocations. Similarly the internal problems of economic development in nation states related to regional disparities and urban concentrations has resulted in a variety of state actions to mediate and alleviate what appear to be major contradictions in the modern capitalist system (Paquet, 1972).

Within much of the current literature on the role of the state, especially that related to economic development of regions and growth pole theory, there is a tendency to consider state action in the economic and social fields as a form of intervention; or as one author expressed it, "... production requires active intervention by the state in the economy, in addition to the establishment of a general framework of law" (Dunford, 1977: 12). Economic intervention, it is argued, assumes a number of forms:

(a) state planning and management of the economy as a whole and of the process of restructuring of capital;

(b) state expenditures on industrial infrastructure;

(c) state policies and expenditures on welfare, education, health, and on regional and urban planning.

The argument suggests that intervention is necessary for the continuation of social order, reproduction of labour, and circulation of capital (Dunford, 1977: 10-15; Hill, 1976).

The literature in which the notion of an interventionist state is couched presupposes the temporal existence of a counter-active of non-interventionist state. It is therefore necessary to ask what the state is actually intervening in and what the purpose of the intervention is (Wirth, 1977: 284-313). In addition to these basic questions there are also more
specific problems related to the forms of intervention inherent in the latter day form of monopoly capitalism, assuming of course that as the nature of capitalism changes the requirements of involvement by the state will change. It is clear that the notion of intervention by the state expresses a need to obtain increasingly efficient means of overcoming barriers to the production of commodities and to the circulation of capital (Harvey, 1976: 80-89). These barriers can be represented as an inability to provide certain elements of infrastructure because of the great expenses involved for private corporations. Private capital may be unwilling to include infrastructure in its costs of production because it is not its perceived role to do so. Similarly there are situations where the private sector has been unwilling to invest in infrastructure because there is little or no return possible from such investments, because of the indivisibility of conglomerate forms of infrastructure (Dunford, 1977). It is possible to visualize also that these costs will fall upon the state because the capital invested by the state is in a devalorized form in which the time of circulation is not as imperative as for capital invested by the private sector in production, buildings or real estate. Thus if the state, under the modern relationships of state to corporations, is considered as a vital part of the infrastructure and part of production costs, it cannot simply be viewed as an interventionist organ. On the contrary what appears in the present conjuncture as intervention is, in fact, part of the nature of current capitalism, in which the state in an integral part of production and of infrastructure. No longer is the state outside the realm of production or social welfare; instead it is a necessary part of the social and economic fabric of capitalism (Bourque, 1979). Indeed it is possible to argue that very few aspects of the state’s activities are interventionist per se, and that the economic functions of the state are not foreign elements at all, but vital necessary forms, which under determinate historical conditions facilitate capitalist relations, and are therefore components of these relations (Wirth, 1977: 288).

To argue that the functions of the state lie almost entirely outside the processes of production and capital accumulation implies that government is a political arm of the state and not an integral and vital part of the economy. Several points of classification are required here. The concept of intervention generally implies direct action in the fields of production or interference in the rightful practices of capital and firms to pursue the aim of capital accumulation, production and distribution; that is to say the pursuit of profit at its maximum rate of return with minimum hindrance from the state, other forms of capital, and other spatial, distance or fiscal barriers (Mandel, 1969). However, the state may invest in and have policy influence over both the productive and the non-productive sectors of a region. Indeed it is sometimes argued that because state investments do not appear as capital flows assigned directly to production and profit orientation, that state expenditures may not be directly involved in production. However, by indirect means and through fiscal and policy support, health, welfare and education, the state can support and contribute directly to the process of continued investment and capital accumulation in the productive sector of a region (O Connor, 1973; Mosley, 1978: 34-45).

In the industrial capital phase, and now the finance capital phase as well, there is a range of possible points of intersection of the state and firms and banks. Since production, and hence the creation of value, occurs primarily within the industrial/finance interlock, the state has the possibility of interacting with either form of capital or its combined form of multinational corporations; a position which incidentally often shows the state to be in a subordinate position both politically and economically to the multinational corporations. Nevertheless a number of possibilities for state action do arise from personal contacts between members of the state bureaucracy and corporations, as well as at the level of policy and law. The combination of interlocking directorships in the corporate sector and in finance capital has been well documented (Clement, 1977; Panitch, 1978). More difficult to
document, however, is the direct linkage between the state and the corporations. Pou- lantzas has argued that the relationship of the state to finance and industrial fractions of capital can be expressed in ideological, class and political terms. That is to say, the class interests of state governments and bureaucracies intermesh quite readily with the class interests of corporation owners, boards of directors and management. In other instances, however, the state may not be in tune with the objectives of capital and its particular class interests, especially when there is no espoused policy to cope with crises within industry, or within regional development. In such cases the geographical perspective of regional decline or regional disparity becomes crisis ridden and confused.

The Relationship of the State to Capital and to Classes

At this point, we can offer several further refinements to the analysis of the state and its role, namely the form of state expenditures in a region, the relations of the state to specific circuits and fractions of capital, and the relationship of the state to classes in contemporary capitalist society. The works of Fine and Harris (1976); Gough (1975); Poulantzas (1975); O'Connor (1973); Miliband (1973); and Lamarche (1972) are especially pertinent to us here. One of the salient features which emerges in this literature is that the state in its present form is one of the means of physically locating and reproducing the economic and political power of capital itself; such a definition presupposes direct institutional and social linkages between various arms of government, between firms active in production and manufacturing, between the productive sector and banks, and between individuals and classes whose interests may be manifested and represented by personal contact, or by policies, fiscal means and laws instituted by the state (Clément, 1977; Pa- nitch, 1977).

The question of the form of linkage between the state and the class structure is currently being debated in the literature. O'Connor, for instance, argues that the state, like its budgets, reflects the relations of classes in a social formation. The state, he suggests, is not an instrument, but a structure. Monopoly capital interests (as a social force rather than as an abstraction), are not the aggregate of the particular interest of this particular class, but rather emerge within the state administration unintentionally (O'Connor, 1973: 69). The question remains, however, as to how the state distributes within the built environment, albeit equally or otherwise, the various forms of social capital, social assistance and urban services (such as footpaths, snow clearance, roading, housing, employment or sewage) (Clark, 1977). If there is equal distribution, or the possibility of equal distribution, as democratic-pluralist theory would argue, then the state could be seen as an independent and autonomous body able to invest and distribute without prejudice. If, however, we can view the state as an integral part of production processes and a stimulator of growth in different sectors, while, at the same time, providing unbiased and differential rewards across class lines, then the concept of the state as a completely autonomous institution influenced by class conflicts must be seriously questioned (King and Clark, 1978; Man- del, 1969). The difficulty with verifying this latter argument lies largely in the problem of ascertaining the clear interlocks between class sectors, and those elements of the state’s bureaucratic structure which are either responsive to, or responsible for, actions of the state related directly to the benefit or support of different classes in different areas. The empirical problems obvious in such an approach are apparent in the work of Poulantzas (1975) in Europe and Clément (1977) in Canada. A more practical approach to the analysis of class relations, the state and geography, lies in the identification of levels and areas of class competition for different forms and volumes of state expenditures in, for instance, welfare funds in ghetto areas as opposed to suburban areas of the city; or competition for government aid for industrial location between regional or international firms.
The structuralist assumption in such an analysis is that the state will favour various sectors or classes who are geographically differentiated by regions and areas and, hence, influence the pattern of urban or regional growth of a nation state. However, the class-competition argument must be considered alongside the notion that the state, in order to act out its role as a government “intervenor” which organizes markets and ensures the processes of capital accumulation, must also act as a social integrator (Paquet, 1972). Politically, this means that permanent “intervention” is designed to integrate all elements of the population into a coherent system despite the fact that class conflict is inherent in the process (O’Connor, 1974, 111). Indeed, the processes of differentiation and class structures are essential to production itself; production relations are expressed politically through the regulation of the social relations between classes in the long term interests of maintaining social order (Braverman, 1974). Thus, the state acts both as a legitimator of capital accumulation, of class differentials and distinctions, and of the means of distributing wealth and welfare across a spectrum of regions, urban areas, and class interests (Mandel, 1969).

The State and Fiscal Policies

It is possible to ascertain some of the impacts of the state on industrial location and the productive sectors of an economy by means of an analysis of the expenditures in the public sector. Gough, O’Connor and Mandel, for instance, all note the massive increase in public expenditures in the United States and in western Europe in the post-World War II period. Such an analysis of state expenditures can take two forms: by means of overall or absolute increases in expenditure (per capita), or by analysis of differential investments in specific sectors of the economy, such as road, regional development funds, welfare, or industrial infrastructure (Clark, 1977). The overall fiscal decisions of the state can be observed at two further levels: within the production sector, and within the arena of distribution of goods and services. At the distribution level the state’s role evolves around welfare, education and health funds, or what O’Connor defines as social services and expenses. It is more difficult to ascertain the impact of these types of expenditures in production cycles, although one must counter this by asking how much production could or would occur without this form of social expenditure.

More pertinent to the sphere of productive industry, however, are those elements of fiscal policy related to O’Connor’s categories of “goods and services consumed collectively by the working class”, including suburban development projects, elementary and secondary schools, recreation facilities and home mortgage subsidies and guarantees. Similarly, the state provides forms of social insurance such as workman’s compensation, old age pensions and unemployment insurance, the purpose of which is to ensure the continuance of a workforce, a supply of viable labour, social welfare, and the continued generation of surplus value. A further category of state expenditures also occurs in O’Connor’s analysis: these are expenditures, such as roads and other fixed assets in the public sector which are essential for capital accumulation. These expenditures, together with laws and fiscal policies, act as the legitimators of social relations and class divisions, which are required for the effective functioning of production and consumption.

A question which arises here is related to the reason state expenditures are incurred and why the state appears to be increasingly called upon to provide stabilization in periods of upswing and downswing in the business cycle. For instance, the state may be called upon to invest in sectors which are lagging, or to provide subsidies for industries and regions caught in “bust” cycles (King and Clark, 1978). The evening out of bumps may be achieved through taxation, direct grants, location policies and subsidies, or by direct natio-
nalization or lagging industries; the state may also attempt to promote growth of whole regions by nationalization of utilities such as hydro-electricity or coal production, viz. Hydro-Quebec (hydro-electricity), TVA (regional), British Coal Board (mining). The rationale for much of this form of state activity is often derived from growth-pole theory and from growth centre analysis; the assumption being that since growth under capitalism occurs in nodes leading to centres of concentration, that the promotion of growth centres artificially will eventuate in long term and self-sustained growth, a pattern which has rarely occurred in practice (Browett, 1980; Holland, 1976: 36-54; Massey, 1978).

The marriage of regional economic policy with location theory and state policy, is an integral part of what became a qualitatively new role for the state after the initial venture in the Tennesse Valley Authority (U.S.A.) and similar enterprises. In point of fact, the actions of the state in functioning increasingly as the basis for private growth in regional and urban centres, especially in the monopoly sector, probably contributed to the process of concentration and to uneven development in regional geography (Mandel, 1969; 1975). Indeed, it may be argued that the legitimation and encouragement of centralization has to a degree promoted flows of capital and labour, especially migrant labour, to regional focii, resulting in massive drain off effects in disadvantaged regions (Hayter and Storey, 1978). This type of ebb and flow activity is one with which the state is in continual conflict. Essentially the state finds itself in a “Catch-22” contradiction in which, if it encourages regional polar growth, other regions will tend to suffer accordingly (Holland, 1976; Dunford, 1977). Indeed, the failure rate of state promoted decentralization programmes, which run counter to the pattern of centralization, is sufficiently high to merit a serious questioning of the overall impact and utility of state spending in such areas and programmes (King and Clark, 1978: 19). Mandel has argued for instance that the contradictions inherent in regional programmes of development, and in state investments aimed at overcoming regional inequalities, will simply result in the entrenchment of further inequalities. This same point is argued by Gillespie and Kerr (1977) in their analysis of DREE expenditures and unemployment in Canada. Mandel also states that regional inequalities and disparities are part of the growth pattern of capitalism, and that state policies involving planning and expenditures, tend to block the process of equal or even development by effectively legitimizing unequal and uneven regional growth.

In other areas such as energy, transportation health care, education, welfare, and the problems of restructuring industry, the state comes under certain fiscal stresses brought about by competition between groups for specific expenditures, and by what O’Connor has called the fiscal crisis of the state; a crisis which is produced by systemic overextensions and overexpenditures by the state. O’Connor’s central thesis of the fiscal crisis, “the tendency for government expenditures to outrace revenue”, appears to be confirmed by a number of fiscal problems especially in the United States, notably the fiscal crisis of New York in 1972-78 and the problems associated with “Proposition 13” in the State of California in 1978 (Moseley, 1978: 34; Miller, 1977: 126-131). In the literature on fiscal crises there are differences of opinion on the question on state expenditure analysis: one represented by Gough (1975) and O’Connor (1974), and the other by Fine and Harris (1976) and Yaffe (1973). However, all these authors agree that the basic function of the state is to aid capital accumulation and to legitimize social relations.

CONCLUSION

The object of this paper has been to review some of literature on the state and to develop four potential areas for a structural approach to a geographic theory of the state in a capitalist society. It has been argued that a comprehensive analysis of the state in action
may be obtained if one recognizes the state as a capitalist institution, integrated with the production sector of the economy, and with the processes of capital accumulation. The differential location of enterprise and industry, and the biases inherent in the allocation of state expenditures to development projects, to social services, and to infrastructure in the built environment, must be recognized as an implicit part of state action in a geographical context. By responding to the needs of investment of the different forms of capital, and by recognizing their different requirements for circulation, the state by means of laws, taxation structures, and urban and regional planning strategies, has become one of the elements in structural and spatial inequality and disparities. By analyzing state policies and by recognizing the state as part of the accumulation process it is possible to distinguish between regions or urban neighbourhoods, or even specific classes of people, which may be subject to different rates of state or corporate investments and allocation of facilities, and hence be part of the expression of uneven development.

REFERENCES

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