

Oktober 22, 2002

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## **The Deep Structures of Globalization**

An Essay on Habermas' Theory of Modernity and the Logic of the New World Order

„The market is a zone of the city, not the whole of the city.“

— Michael Walzer, *Spheres of Justice*

### **(1) Much ado about nothing?**

A specter is haunting the world: the specter of globalization. That is, at least, the impression one gains by reviewing the titles of some popular books of the past years: *The Terror of the Economy* (Forrester 1996), *The Global Trap: Globalization and the Assault on Prosperity and Democracy* (Martin / Schumann 1996), *Has Globalization Gone Too Far?* (Rodrik 1997), *The Crisis of Global Capitalism. Open Society Endangered* (Soros 1998), *The Case against the Global Economy* (Mander / Goldsmith 1996), *One World, Ready or Not : The Manic Logic of Global Capitalism* (Greider 1997), *False Dawn: The Illusions of Global Capitalism* (Gray 1988), among others.<sup>1</sup>

The central message that emerges from that polyphonous choir of critics is this: We need political regulation of the economy! This claim, however, is a rather vague common denominator. There is no agreement at all about what this regulation should look like, how far it should go, and which ends it should serve. Some want nothing more than a political framework to guarantee that markets function properly. Others want political intervention for more far-reaching purposes such as redistribution and social justice. The first group merely wants to protect the market from self-destruction. The second group wants to protect society from the destructive forces of the market. Whereas the first group believes that we have to overcome nothing but a crisis of capitalism, the second group believes that what needs to be overcome is crisis-producing capitalism itself.

I do not want to decide the controversy between these two camps of critics here. My interest in this paper is to lay the ground upon which to resolve this controversy. It is important to note, however, that once the ground is laid the way I propose it should be done, the only plausible resolution is much closer to the proposals of the second group than to those of the first. The resolution is built into the supporting structure. The success of the entire enterprise therefore depends on the success of the first part delivered in this paper.

The paper is based on two premises. (1) The massive criticism of globalization is anything but „much ado about nothing“. There is at least need for some political regulation. (2) Taking political control of the globalized economy can only be justified by a normative discourse that takes seriously claims of cosmopolitan solidarity and redistribution.

The first premise should be uncontroversial. The mere volume of the critical voices certainly is no argument for the correctness of the criticism. But it is a clear symptom. If the number of voices rises that take a critical or negative stance towards globalization, if among them we find economists, political scientists, business leaders and leading politicians<sup>2</sup>, if even arch-capitalists like George Soros conjure up a „crisis of global capitalism“ and dangers for the open society, if large numbers of people in affluent western societies feel „terrorized“ by economic forces beyond their and their government’s control — then it is at least plausible that this polyphonous choir articulates a *real problem*.

The second premise is of a much more complex nature. Its justification would require a detailed analysis that I cannot provide here. The reason I have mentioned it nevertheless is that it is the hidden driving force behind this paper. Whereas I will not try to justify the premise itself, my intention is to provide the basis for such a justification. With globalization as with all other new „diseases“, description of the symptoms and diagnosis of the causes must precede the treatment. Moreover, a discussion of the best possible treatment must distinguish between instrumental problems concerning empirical realization on the one hand, and normative problems concerning the permissibility of various courses of action on the other. In the case of globalization, the question is not only *how* the political control over the economy could be actually realized, but also *if* taking control could be justified at all (and if so, to what degree).

What we need, therefore, is a clear concept of globalization. *We have to try to understand what is going on before we can talk about what we can do, what we want to do, and what we ought and ought not to do.* We need a clear picture, both for deciding the questions of technical implication and for deciding questions of normative justification. I do not pretend to present the complete picture. All I hope to do is to present a convincing sketch. And even that sketch is not entirely original. It is more like one of those „connect the dots“ children sketches. The central

thesis of this paper is that the „theory of modernity“ developed by Jürgen Habermas in his *Theory of Communicative Action* gives us almost all of the „dots“, and just a little more work can deliver an insightful and fruitful concept of globalization.<sup>3</sup>

To defend this thesis, I shall do the following. First, I give a summary description of „globalization“ as commonly understood (section 2). On the basis of this „phenotypical“ description I then develop a „genotypical“ analysis and examine the „deep structure“ of globalization, using the instruments provided by Habermas‘ theory (section 3). Specifically, I argue that Habermas‘ theory can illuminate the historical origins and the functional logic of globalization, explain the resistance of sceptics and enemies of globalization, and provide a basis for the debates on the political reactions to globalization. The theory has this power because it integrates globalization in the larger process of modernization, interprets the attack on globalization as a socio-pathological reaction to this process, and insists on a critical attitude both towards social reality and its own theoretical enterprise. In the final section (section 4), I will present the conclusions of the foregoing arguments and link them to the premise that taking political control of the globalized economy can only be justified by a normative discourse that takes seriously claims of cosmopolitan solidarity and redistribution.

## **(2) Superficial structures of globalization**

Globalization surely has become a „catch-all concept to describe a range of trends and forces changing the face of the world in which we live“ (OECD 1996). Sometimes it seems like we don‘t know what it is nor when it started. As David Held and Anthony McGrew have noted, even within shared traditions of social enquiry or political ideology, „no singular account of globalization has acquired the status of orthodoxy“ (Held / McGrew 2000: 2).

What is „globalization“? The task of this section and the next is to explore the nature of the beast in two steps: the first step is to try to give a phenotypical description, i.e. a description that covers the *visible* features of this strange new animal wandering the earth; the second step is to try to provide a genotypical analysis, i.e. a „DNA analysis“ that exposes the *genetical* features. For reasons of simplicity, I call the features listed in the phenotypical description the „superficial structures“ of globalization, and the features brought to light by the genotypical analysis the „deep structures“ of globalization.

Two qualifications seem necessary. The first one concerns the use of words: the adjective „superficial“ is not at all intended to be pejorative. It would be misguided to consider any analysis

of superficial features to be a superficial analysis. The works I draw on in order to give the phenotypical description of globalization have provided us with impressive sets of data, creative interpretations and valuable insights. Without them, the genotypical analysis that I aim for would be impossible. The second qualification concerns the scope of both the phenotypical description and the genotypical analysis. In both cases, the scope must be a highly limited one. Even if there were no disagreement about the real world events that constitute „globalization“, it would be virtually impossible to list all of them, i.e. to give a *complete* description. The same holds for the genotypical analysis: it would be just insane for me to claim that I completed the „Globalization Genome Project“ all by myself and presented it in a thirty-page paper. With these qualifications in mind, let's proceed to a summary description of the superficial structures of globalization that serves as the basis and background for the genotypical analysis to be presented in the next section.

This summary description can be generated simply by reproducing a number of descriptions given by other authors. (To push the biological analogy: the phenotypical description is won by comparing and ordering the observations of fellow researchers.) The common descriptions and definitions of globalization can be divided into two basic groups: the first group describes and defines globalization more or less exclusively in economic terms, the second group describes and defines globalization in economic, political, military, social, cultural and environmental terms. (For reasons that I hope will become clear in the following section, this difference is rather unimportant for the purpose of this paper.)

## 2.1.

The narrower economic definition of globalization is based on the observation of both quantitative and qualitative transformations of the (world) economy. In the past decades, the observation goes, economic activities have become increasingly global in scope, i.e. they transcended more and more politically defined territorial boundaries. Observable effects include the emergence of the transnational corporation, the expansion of international trade and foreign direct investment and the growing importance of international stock and monetary markets. A definition typical of the first group is given, for instance, by Charles Oman: „Globalization‘ can be defined as the growth, or more precisely, the accelerated growth, of economic activity that spans politically defined national and regional boundaries.“ (Oman 1999: 37)

Wolfgang Reinicke's definition is another example, even if he defines globalization „as a primarily microeconomic phenomenon driven by firms responding to an increasingly competitive international environment“ in order to distinguish it from the macroeconomic phenomenon of interdependence as analysed for example by Keohane and Nye's classic book (Reinicke 1998: 11 and 48; cf. Keohane and Nye 1977).

## 2.2.

But as Reinicke rightly reminds us, it is „important to remember that what has been characterized as an essentially economic phenomenon takes place in a social, political, legal, and cultural setting“ (Reinicke 1998: 3). This is what the second group of observers have focused on.

„McWorld“

Their own account is summarized thusly:

„Simply put, globalization denotes the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction. It refers to a shift or transformation in the scale of human social organization that links distant communities and expands the reach of power relations across the world's major regions and continents.“ (Held / McGrew 2000: 2; cf. Held et. al. 1999: 16)<sup>4</sup>

„Globalization refers to all those processes by which the peoples of the world are incorporated into a single world society, global society.“ (Albrow, in: Albrow / King 1990: 9)

„The characteristics of the globalization trend include the internationalizing of production, the new international division of labour, new migratory movements from South to North, the new competitive environment that accelerates these processes, and the internationalizing of the state ... making states into agencies of the globalizing world.“ (Robert Cox, quoted in: Scholte 1997: 15)

Scholte's own definition: „As the word is used here, globalization refers to processes whereby social relations acquire relatively distanceless and borderless qualities, so that human lives are played out in the world as single place. Social relations -- that is, the countless and complex ways that people interact with and affect each other -- are more and more being conducted and organized on the basis of a planetary unit.“ (Scholte 1997: 14)

As the German sociologist Ulrich Beck has argued, it might be easier to define globalization in negative than in positive terms. In Beck's view, the different concepts of globalization — technological, ecological, economic, cultural, etc. — have one thing in common: all of them give up on a fundamental premis of what he calls „First Modernity“, namely „the idea to live and act in the closed and seperatable rooms of nationstates and their corresponding national societies“ (Beck 1997: 44; my translation = Beck 1999).

see Giddens, *Sociology*, p 519 f. (zit nach Parsons, *Public Policy*, 233): where the two contexts of the system and of the social context are hinted at but not clearly separated

### **(3) Deep structures of globalization**

#### **(a) Theory of Communicative Action: Societies as Systems and Lifeworlds**

Jürgen Habermas published his *Theory of Communicative Action* in two thick volumes in 1981.<sup>5</sup> But the sheer size of the work is not even the main obstacle for anyone trying to give a brief overview; the difficulty arises rather from its encyclopaedic character. The works of Max Weber, Emile Durkheim, George Herbert Mead, Jean Piaget, Talcott Parsons and of other canonical figures of the humanities and the social sciences provide Habermas with the material out of which he builds his own theoretical edifice. And he thoroughly examines every brick he picks up. Keeping in mind the purpose of this paper, the best possible summary may be this:

„[T]he theory of communicative action is intended to make possible a conceptualization of the social life-context that is tailored to the paradoxes of modernity.“ (I: xl)

The *Theory of Communicative Action* is, therefore, at the same time a „theory of modernity“ (II: 403). As such, it understands „modernization“ — following Weber — mainly in terms of „rationalization“ und „differentiation“ of the mechanisms of societal integration.

Habermas distinguishes between two basic mechanisms of societal integration: on the one hand, there are mechanisms that harmonize the *action orientations* of participants (*social integration*); on the other hand, there are mechanisms that stabilize nonintended interconnections of actions by way of functionally intermeshing *action consequences* (*systemic integration*). Habermas explains the distinction as follows:

„In one case, the integration of an action system is established by a normatively secured or communicatively achieved consensus, in the other case, by a nonnormative regulation of individual [not subjectively coordinated] decisions that extends beyond the actors' consciousness.“ (II: 117; II: 150)

The ideal type of the mechanism that harmonizes the action orientations of participants is „action oriented to mutual understanding“ (*verständigungsorientiertes Handeln*) or *communicative action*. The prototype of the mechanism that stabilizes nonintended interconnections of actions by way of functionally intermeshing action consequences — by way of an „invisible hand“ — is the market.<sup>6</sup>

The distinction between social and systemic integration leads to a corresponding *differentiation in the concept of society* itself: from the perspective of acting subjects, society is conceived as the *lifeworld of a social group*; from the perspective of someone not involved, the perspective of an impartial observer, society can be conceived only as a *system of actions* that are evaluated according to their functional significance for the maintenance of the system. As both conceptions have only limited theoretical range, Habermas conceptualizes societies „*simultaneously* as systems and lifeworlds“ (II: 118).

Both terms — „system“ and „lifeworld“ — require some explanation (especially because Habermas himself does not offer brief definitions).<sup>7</sup>

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The *lifeworld* is the invisible and indispensable background of everything we do and of everything we are (of everything, to be more precise, that is not purely biological). The lifeworld is some sort of non-thematic knowledge that is characterized by an „unmediated certainty“, a „totalizing power“ and a „holistic constitution“; it is composed of cultural patterns, legitimate social orders and personality structures, forming complex contexts of meaning (Habermas 1997: 92 ff.; 1982: 594). We can think of it „as represented by a culturally transmitted and linguistically organized stock of interpretive patterns“ (II: 124).

„This stock of knowledge supplies members with unproblematic common background convictions that are assumed to be guaranteed; it is from these that contexts for the processes of reaching understanding get shaped ... Every new situation appears in a lifeworld composed of a cultural stock of knowledge that is »always already« familiar.“ (II: 125)

The lifeworld represents the large but limited space within which communication and understanding are possible. It is the background of communicative action (Habermas 1982: 593). Its status is different from that of other „world-concepts“. In its immediate certainty, totalizing power and holistic nature is not something we can reach understanding about -- because it is itself the pre-condition of understanding. To be sure, the components of the lifeworld are embodied in some form, they have a material substrate: the cultural knowledge in symbolic forms, in things of daily use, technologies, theories, words, books and documents no less than in actions; the social orders in institutions and all webs of normatively regulated practices and customs; the personality structures in the human body itself. Nevertheless, or exactly because of this, there is no escape from the lifeworld as such: „Communicative actors are always moving within the horizon of their lifeworld; they cannot step outside of it.“ (II: 126) There is no „beyond“: the lifeworld itself is the „extramundane“ position and the „transcendental“ site (II: 126). The lifeworld is a reservoir of commonplaces and taken-for-granted („Selbstverständlichkeiten“) that can never be questioned as a whole, but only individually.<sup>8</sup> It is like a boat at sea that can only be repaired one plank at a time.<sup>9</sup>

The two terms „system“ and „lifeworld“ are particularly tricky because they describe a double dichotomy (the second being a consequence of the first). On the one hand, the terms are used to describe different *methods of societal integration*. The lifeworld provides the space for mechanisms of social integration based on mutual understanding. It is the background condition for public deliberation and collective decision-making based on reasoned agreement. Systems are the place of functional („systemic“) integration based on the necessities of material reproduction On

the other hand, the two terms imply different *methods of social analysis*, namely „*Verstehen*“ (*understanding*) and „*Erklären*“ (*explaining*). The perspective of the lifeworld is the internal perspective hermeneutically connected to the self-understanding of the participants. The perspective of the system is the external perspective of an observer construing society as essentially self-regulating.

The specific feature of Habermas' theory is that it takes this double dichotomy seriously. First, it acknowledges a multiple realizability of societal integration: various societal domains may be integrated either socially or systemically or through a combination of both mechanisms. Secondly, and as a consequence, it does not insist that one method of social analysis is the right one. On the contrary, it emphasizes that both perspectives are needed and have to be connected. For Habermas, „societies are *systematically stabilized* complexes of action of *socially integrated* groups“ (II: 152).

The degree of systemic stabilization and of social integration may vary from society to society or within one society over time. The economy, for example, can be organized either socially — by way of interpersonal relations — or systemically — via the market mechanism.

The simultaneous usage of the concepts of the lifeworld and of the system lends benefits especially the „theory of modernity“ developed in the *Theory of Communicative Action*. It lends to it a singular breadth and depth of analysis. By using both concepts, Habermas is able to conceptualize „modernization“ as a parallel, mutually influencing process of rationalization of the lifeworld on the one hand and systemic differentiation on the other, in the course of which the relationship between lifeworld and system is also changed and re-adjusted.

### (b) Theory of Modernity

The way to modernity is, roughly speaking, a transition from compact to open societies. Among the most remarkable aspects of this transition are the development of the capitalist market economy and the modern state.

Two conditions had to be fulfilled for the differentiation of these two societal subsystems to arise. (1) The lifeworld had to be sufficiently rationalized to open up „the possibility of dealing with the world of facts in a cognitively objectified [*versachlicht*] manner and with the world of interpersonal relations in a legally and morally objectified manner“ (I: 216). (2) The „steering media“ of the two subsystems — „money“ for the market, „power“ for the state — had to be

institutionalized as social practices and, more important, had to be established in the sense of being normatively anchored in the lifeworld.

The second condition follows from the particular nature of the new „organizations“. The market economy and the bureaucratic state „are formed on the basis of media that uncouple action from the processes of reaching understanding and coordinate it via generalized instrumental values such as money and power. These steering media replace language as the mechanism for coordinating action. They set social action loose from integration through value consensus and switch it over to purposive [instrumental]<sup>10</sup> rationality steered by media. [Money and power are] the media which, by substituting for language, make possible the differentiation of subsystems of purposive-rational action.“ (I: 342)<sup>11</sup>

Once the differentiation is in place, societal activity *within the subsystems* no longer faces the burden of social integration; it simply has to follow the logic of systemic rationality. The permanent need for communication and consensus is gone, and reference to procedural correctness is sufficient, as the rules of the market and the laws of the state provide a framework of legitimacy. The problem remains, however, that *the subsystems themselves* have to be anchored in society. As Habermas explains with respect to the market:

„Commercial intercourse regulated by markets can become established only to the extent that the orientation pattern of purposive rational action is made binding *as a cultural value*, that is, as a choice pattern ..., and is placed on an ethical foundation.“ (II: 223)

It was for this reason that Max Weber identified the „social integration of a differentiated subsystem of purposive-rational action“ (i.e. the market economy) as the „basic evolutionary problem“ in the transition towards modern capitalism (cf. I: 198). The problem was solved precisely in the way stipulated by the second condition: by the establishment of steering media that form and regulate subsystems of purposive-rational action.

The first epoch of modernization is characterized by the following pattern: „economy“ and „state“ evolve as distinctively differentiated subsystems and are disentangled from the social integration of the lifeworld; but because of the value-rational (i.e. normative) anchoring of their steering media in the lifeworld they remain ultimately dependent upon it.

The second epoch of modernization is characterized by an innate tendency of the subsystems to end and to reverse the dependency on the lifeworld. This tendency is particularly visible and strong in the economic case:

„A societal subsystem like the economy can be differentiated out via the money medium only if markets and forms of organizations emerge that bring under monetary control the transactions within the system and, more important, its transactions with the relevant

environments. Interchange relations with private households and the administrative system become monetarized, as can be seen in such evolutionary innovations as wage labor and a state based on taxation.“ (II: 267)<sup>12</sup>

One of the „relevant environments“, however, is the lifeworld. From a systems perspective, the lifeworld shrinks to one system among others:

„With these new organizations, system perspectives arise from which the lifeworld is perceived, from a distance, as an element of system environments. Organizations gain autonomy through a neutralizing demarcation from the symbolic structures of the lifeworld; they become peculiarly *indifferent* to culture, society, and personality. Luhmann describes these effects as the »dehumanization of society«. Social reality seems to shrink down to an objectified organizational reality cut loose (liberated) from normative ties.“ (II: 307 f.)

The attempt of the subsystems to subject the relations with the lifeworld to their own imperatives makes the relationship as such precarious:

„[S]ystem and lifeworld are differentiated in the sense that the complexity of the one and the rationality of the other grow. But it is not only qua system and qua lifeworld that they are differentiated; they get differentiated from one another at the same time. [...] In the process, system mechanisms get further and further detached from the social structures through which social integration takes place. [...] modern societies attain a level of system differentiation at which organizations that became autonomous are connected with one another via delinguistified media of communication. These systemic mechanisms steer a social intercourse that has been largely disconnected from norms and values, namely those subsystems of instrumentally rational economic and administrative action that, on Weber's diagnosis, have become independent of their moral-practical foundations.“ (II: 153 f.)

On the one hand, the rationalization of the lifeworld is the precondition for the differentiation of societal subsystems. On the other hand, this differentiation is not without consequences for the lifeworld. Systems and lifeworld get separated, and the systems feedback on the structures of the lifeworld and try to subordinate them to their systemic imperatives. The children are trying to educate their mother:

„[T]he far-reaching uncoupling of system and lifeworld was a necessary condition for the transition from the stratified class societies of European feudalism to the economic class societies of the early modern period; but the capitalist pattern of modernization is marked by the fact that the symbolic structures of the lifeworld are deformed, i.e. reified or objectified, under the imperatives of independent subsystems differentiated out via money and power.“ (II: 283)

This deformation of the symbolic structures of the lifeworld finds its expression in the „technicizing of the lifeworld“:

„The switch of action coordination from language over to steering media means an uncoupling of interaction from lifeworld contexts. Media such as money and power start from empirically motivated ties [between actors]; they encode an attitude of instrumental rationality ... and make it possible to exert generalized, strategic influence on the decision of other interaction participants while bypassing processes of consensus-oriented communication. Inasmuch as they ... replace linguistic communication, the lifeworld contexts in which processes of reaching understanding are always embedded are devalued in favor of media-steered interactions; the lifeworld is no longer needed for the coordination of action. Societal subsystems differentiated out via media of this kind can make themselves independent from a lifeworld shunted aside into the system environment.“ (II: 183)

Weber’s diagnosis of the present time (and his thesis of the „loss of freedom“ in particular) is based on the assumption that economy and state, both of them subsystems of instrumental rationality, are breaking loose from their value-rational foundations and become independent, following only their own dynamics (cf. I: 233).

Inevitably, the question arises „whether the rationalization of the lifeworld does not become paradoxical with the transition to modern societies — the rationalization of the lifeworld makes possible the emergence and growth of subsystems whose independent imperatives turn back destructively upon the lifeworld itself“ (II: 186). Habermas answers the question in the affirmative:

„[W]ith the conceptual framework of communicative action do we gain a perspective from which the process of societal rationalization appears as contradictory from the start. The contradiction arises between, on the one hand, a rationalization of everyday communication that is tied to the structures of inter-subjectivity of the lifeworld, in which language counts as the genuine and irreplaceable medium of reaching understanding, and, on the other hand, the growing complexity of subsystems of instrumental rationality, in which actions are coordinated through steering media such as money and power. Thus there is a competition ... between *principles of societal integration*: between the mechanism that emerges in increasing purity from the rationalization of the lifeworld, namely the mechanism of linguistic communication that is oriented to validity claims, and those de-linguistified steering media through which systems of success-oriented action are differentiated out. The paradox of rationalization of which Weber spoke can then be abstractly conceived as follows: The rationalization of the lifeworld makes possible a kind

of systemic integration that enters into competition with the [social] integrating principle of reaching understanding and, under certain conditions, has a disintegrative feedback effect on the lifeworld.“ (I: 342 f.)

### (c) Globalization as modernization

Now that the theoretical framework is in place, it seems quite easy to fit in the phenomenon of economic globalization: „globalization“ simply is the connection of multiple „national“ economic systems and their gradual integration into one international or global economic system.

This integration, one can argue, follows from the instrumentally rational subsystem logic itself: all that counts for the economy are economic considerations — national borders as well as political and social considerations play no role at all (unless they can be interpreted and instrumentalized in economic terms). This is, of course, an idealtypic description. In their capacity as natural persons, entrepreneurs, CEOs, stockholders and others are members of particular societies and likely to be influenced in their decisions by national, cultural and emotional ties. But especially for „multi-nationals“ and „global players“, social and political considerations are only relevant insofar as they affect their economic performance. They operate in a „borderless economy“ (Ohmae 1990) that knows no citizens but only share holders.

Seen this way, economic globalization is no genuinely new phenomenon. It only poses the old question about the relation between economy and society, subsystem and lifeworld, in a new context.<sup>13</sup> In a sense, globalization is nothing but the „globalization of modernity“ (Giddens 1990: 63).

Taking the argument one step further, it can be argued that what is true for one societal subsystem holds for the other as well: the thesis that „globalization“ is essentially the connection of multiple national systems and their gradual integration into one international or global system applies not only to the economy, but to the state too.<sup>14</sup>

The role of the state in the global age is one of the important issues in international relations theory and international political economy. One popular opinion is that the state is about to retreat (Strange 1996; cf. Ohmae 1995; Sassen 1996), another holds that the contrary is closer to the truth (e.g. Kapstein 1994; Gilpin 1987, 2000). I have the impression that the disagreement here is partly due to different conceptions of the state.

It seems undeniable that the globalization of the state is underway once we focus on the societal subsystem called „state“. Examples are multilateral economic agreements such as the Basle accord

(Reinicke 1998; Kapstein 1994) and supranational statelike structures such as the European Union. But in all these cases it is the *administrative apparatus*, the *bureaucratic state*, that reacts to transformations in the economy. Whereas the modern state arose partly in reaction to the requirements of the modern capitalist economy, today's states answer the requirements of the globalized economy by „globalizing“ themselves through intergovernmental cooperation or supranational organization.<sup>15</sup>

What is not globalizing, however, is the social unit called „state“ or, in other words, *political society* or *civil society*. Society is unable to keep up with the speed by which „economy“ and „state“ go global. Public opinion and solidarity between citizens for example keep within national boundaries most of the time (cf. Habermas<sup>16</sup>; 1998: 74). This seems true at least in cases where the foundations of the relation between society, state, and economy are at stake: questions of membership (immigration and citizenship) and questions of social justice (wages, social standards, distributive issues, etc.).

There is one simple reason why the globalization of the economy is so much easier than the globalization of society:

„As Luhmann has shown, what distinguishes *autonomous organizations* is that, by means of membership conditions that have to be accepted all at once {pauschal akzeptierte Mitgliedschaftsbedingungen}, they can make themselves independent from communicatively structured lifeworld relations, from potentially conflictual concrete value orientations and action dispositions of persons who have been pushed out into the environment of organization.“ (II: 172)

That is exactly what society as a whole cannot do. Society is what persons make out of it; society is made of full persons. Any „dehumanization“ of persons, their treatment according to formal criteria (as market participants, as citizens), is excluded in the lifeworld by definition.

If we assume the picture presented so far to be correct, then we get the following rough scheme of the process of globalization: the economy starts it all, the states react and follow suit by strengthening the cooperation among them, only the societies are dragging behind hopelessly (cf. Habermas 1998).

The disparities between the globalizing economies, states, and societies have far-reaching consequences: Even if the states should manage to catch up with the globalized economy, the problem of political control over the economy is far from being solved. The bureaucratic state is only the instrument of politics. The question which use this instrument should be put to has to be decided in the public sphere by political deliberation, and it has to be done in the framework of a discourse aiming for understanding and a value consensus.

#### (d) Protests against globalization

Before I take on the problem of establishing political control over the globalized economy, it seems useful to incorporate the „case against globalization“ featured in the introduction into our scheme.

The emergence of systemically integrated action-contexts has two main consequences, both of which provoke defensive reactions: first, there is the objectification of life-contexts, second, there is the attack of the systems on the lifeworld.

(1) In the course of their „systematization“, the life-contexts become objectified and cut loose from the identity of the agents concerned. As delinguistified media of communication such as money and power connect up interactions space and time into more and more complex networks that no one can comprehend or be responsible for any longer (II: 184), the systematized life-contexts are perceived as a quasi-natural reality — „within these media-steered subsystems society congeals into a second nature“ (II: 154; cf. II: 172).

What that means: Part of every day life appears to be machine following technical rules that can only be explained by experts. Economists and political scientists are the natural scientists of this second nature. The inability to understand what is going on and the feeling of losing control elicit corresponding defensive reactions. In this sense, the *angst* of globalization is a reaction to a „problem of excessive complexity“:

As with nuclear energy and genetic engineering, „real anxieties are combined ... with the terror of a new category of risks that are literally invisible and are comprehensible only from the perspective of the system. These risks invade the lifeworld and at the same time burst its dimensions. The anxieties function as catalysts for a feeling of being overwhelmed in view of possible consequences of processes for which we are morally accountable — since we do set them in motion technically and politically — and yet for which we can no longer take moral responsibility — since their scale has put them beyond our control. Here resistance is directed against abstractions that are forced upon the lifeworld, although they go beyond the spatial, temporal, and social limits of complexity of even highly differentiated lifeworlds, centered as these are around the senses.“ (II: 394 f.)

The constitution of action contexts that cannot be socially integrated at the same time comes down to a separation of social relations from the identities of the agents involved in those relations (II: 311). In functionally organized action context persons are nothing but parts of the machine

{wheels of the system?}. It is not the *intentions* of actions that count — not the self-understanding, goals and aims of the agents —, but their *consequences*, arising from the interdependency of innumerable individual actions. In this fundamental sense, the market indeed makes everybody equal: it takes away {robs} all personal attributes. Communitarian, particularist, and fundamentalist attacks against globalization can be understood as identity preserving reactions to a crisis caused by liberalism.

(2) As we have seen, the systemically integrated action contexts have an innate tendency to end their dependency on the social structures of the lifeworld. Even more, they try to reverse the dependency by imposing their functional imperatives on the lifeworld. In brief: The systems try to colonize the lifeworld. As Habermas notes, the analysis of the process of modernization supports the assumption that „capitalist modernization follows a pattern such that cognitive-instrumental rationality surges beyond the bounds of the economy and state into other, communicatively structured areas of life and achieves dominance there at the expense of moral-practical and aesthetic-practical rationality, and ... this produces disturbances in the symbolic reproduction of the lifeworld“ (II: 304 f.).<sup>17</sup>

These disturbances may not become visible at first, because „*systemic disequilibria* become *crises* only when the performance of economy and state remain manifestly below an established level of aspiration and harm the symbolic reproduction of the lifeworld by calling forth conflicts and reactions of resistance there“ (II: 385).

I take the momentum of an „established level of aspiration“ to be decisive here. Deformations of the lifeworld inevitably turn up „when forms of economic and administrative rationality encroach upon areas of life whose internal communicative structures cannot be rationalized according to those criteria“ (II: 285). But these deformations seem to be tolerable as long as the systems fulfill their societal functions: well-being and security. Only when their performance is far below the established level of aspiration — and especially when this means that taken-for-granted standards of living are in danger — the deformations are no longer reflected only in personal identity problems and social pathologies, but are articulated in movements of protest. Not without a reason, the debate about globalization is often not much more than a national debate about the future of economic performance and social policies.

#### (e) Political control and the law

How can we regain societal (i.e. political) control over the globalized economy once we have conceptualized economy as an autonomous subsystem of instrumental rationality independent of the social structures of the lifeworld? The answer has to come in two parts. First, it has to deliver a conceptual analysis of the relation between economy and society. Second, it has to show through which channels the societal control over the economy can be exerted.

(1) The conceptual relation between economy and society has already been clarified in general terms above. Here, the reminder is sufficient that the uncoupling of economy and society has not at all decided the question of supremacy or subordination:

„We cannot directly infer from the mere fact that system and social integration have been largely uncoupled to linear dependency in one direction or the other. Both are conceivable: the institutions that anchor steering mechanisms such as power and money in the lifeworld could serve as a channel *either* for the influence of the lifeworld on formally organized domains of action *or*, conversely, for the influence of the system on communicatively structured contexts of action. In the one case, they function as an institutional framework that subjects the maintenance [and reproduction] of the system to the normative restrictions of the lifeworld, in the other, as the base that subordinates the lifeworld to the systemic constraints of material reproduction and thereby »mediatizes« it.“ (II: 185)

Both versions of a hierarchical order are conceivable — not having an order at all seems problematic, if not outright impossible. Modern western societies, however, represent precisely an attempt to leave the question of supremacy and subordination undecided and to realize the co-existence of capitalist economy and democratic society. A precarious compromise, indeed:

„Between capitalism and democracy there is an *indissoluble* tension; in them two opposed principles of societal integration compete for primacy. If we trust the self-understanding expressed in the basic principles of democratic constitutions, modern societies assert the primacy of the lifeworld in relation to the subsystems separated out of its institutional orders. The normative meaning of democracy can be rendered in social-theoretical terms by the formula that the fulfillment of the functional necessities of systemically integrate domains of action shall find its limits in the integrity of the lifeworld, i.e. in the requirements of domains of action dependent on social integration. On the other side, the internal dynamics of the capitalist economic system can be preserved only insofar as the accumulation process is uncoupled from orientations to use value. The propelling mechanism of the economic system has to be kept as free as possible from lifeworld restrictions, including the demands for legitimation directed to the administrative system. The internal systemic logic of capitalism can be rendered in social-theoretical terms by the

formula that the functional necessities of systemically integrated domains of action shall be met even at the cost of *technizing* the lifeworld.“ (II: 345)<sup>18</sup>

(2) How this question of supremacy has to be decided in a *normative* perspective becomes clear once we turn to the second issue — to those channels that keep the connection of the systems to the lifeworld alive despite their autonomy: the societal anchoring of the steering media.

Power and money have to be institutionalized as societal media in order to enable the differentiation of administrative and economic systems (cf. II: 384). This is done by means of positive law. That way, the subsystems are anchored in the institutional orders of the lifeworld:

„In subsystems differentiated out via steering media, systemic mechanisms create their own, norm-free social structures jutting out from the lifeworld. These structures do, of course, remain linked with everyday communicative practice via basic institutions of civil or public law.“ (II: 185)

Already for Weber, this point had been of great importance:

„Weber treats the emergence and development of capitalism from the standpoint of the institutionalization of action dispositions of instrumental rationality; in doing so, he comes across the roles of the Protestant ethic and modern law. He shows how, with their help, cognitive-instrumental rationality is institutionalized in the economy and the state.“ (I: 248)

The value-rational establishment of systems of instrumental rationality and their steering media is only possible within the framework of certain economic ethics and legal cultures. Whereas the economic ethic provides a moral basis for the actions in question, the law becomes the instrument through which the media-steered subsystems are organized. In the forms of administrative and economic law it is combined with the steering media power and money in a way that makes the law itself a new steering media (II: 365).

In this process, however, the law becomes ambiguous: on the one hand, the law makes possible the moral-practical institutionalization of instrumentally rational economic and administrative action, on the other, it seems to make possible the detachment of subsystems of instrumental rationality from their moral-practical foundations (I: 243). Responsible for this ambiguity are two different concepts and functions of „law“. Within the subsystems, law is nothing but positive law of procedures (economic and administrative) and the mere means for organizing these media-controlled subsystems. The institutionalization of the subsystems in society, however, cannot be achieved by positivist procedures alone. It requires normative consensus about what should count as law or, in other words, what laws are to be considered just.

In a normative perspective, it is decisive that „law as medium“ is always linked to „law as institution“<sup>19</sup>, i.e. with those basic legal institutions that cannot themselves be sufficiently legitimized by positivistic reference to procedure (constitutional principles, for example).

„As soon as the validity of *these* norms is questioned in everyday practice, the reference to their legality no longer suffices. They need substantive justification, *because they belong to the legitimate orders of the lifeworld itself ...*“ (II: 365)

This means, however, that in the final analysis the legal institutionalization of the media „money“ and „power“ — which is equivalent to the existence of „economy“ and „state“ as normatively liberated subsystems — remains dependent upon a substantive justification that cannot be won from the functional logic of the subsystems but only through a basic consensus covering society as a whole:

„Whereas civil society is institutionalized as a sphere of legally domesticated, incessant competition between strategically acting private persons, the organs of the state, organized by means of public law, constitute the level on which consensus can be restored in cases of stubborn {intractable?} conflict. This shows how the problem of justification is both displaced and intensified. Inasmuch as law becomes positive, the paths of legitimation grow longer. The legality of decisions, which is measured by adherence to formally unobjectionable procedures, relieves the legal system of justification problems that pervade traditional law in its entirety. On the other hand, these problems must [by nature] intensify where criticizability and need for justification of legal norms are only the other side of their positivity ... The legal system *as a whole* needs to be anchored in basic institutions of legitimation. In the bourgeois {civil?} constitutional state these are, in the first place, basic rights and the principle of popular sovereignty ...“ (II: 178)

At this point, it should become obvious how the question of supremacy and subordination between economy and society has to be decided. From an *empirical* perspective, both solutions to the problem are possible — from a *normative* point of view, primacy is due to the socially integrated lifeworld. Already the fact „that the steering media of money and power have to be anchored in the lifeworld speaks *prima facie* for the primacy of socially integrated spheres of action over objectified systemic networks“ (II: 312). But the real reason is somewhat different. Primacy has to be given to the social and communicative mechanism of societal integration because only this mechanism opens up the full potential of human rationality. The systemic mechanisms of societal integration are mono-dimensional in that they are based solely on the specific type of instrumental rationality. Not without a reason Habermas characterizes the hypothetical situation where „all integrative operations have been converted from the fundamental

sociative mechanism of reaching understanding in language over to systemic mechanisms“ as an „Orwellian state“ (II: 312). At least in open societies, the fundamental sociative mechanism of linguistic understanding cannot be pushed aside completely: one decisive element of the legitimacy basis of democratic states is a common will, „communicatively formed and discursively clarified in the public political sphere“ (II: 81).

Another decisive legitimacy element — linked to the first by the condition of publicity — is the idea of justice. With an eye on Habermas‘ theory, Jon Elster has argued that „the task of politics is not only to eliminate inefficiency, but also to create justice — a goal to which the aggregation of prepolitical preferences is a quite incongruous means“ (Elster 1986: \_\_\_ [11]). Indeed, „a long-standing tradition from the Greek *polis* onwards suggests that politics must be an open and public activity, as distinct from the isolated and private expression of preferences that occurs in buying and selling“. In Elster‘ s succinct formula: „the principles of the forum must differ from those of the market“ (Elster 1986: \_\_\_ [11]).

#### **(4) Economy and Society in the Global Age**

With this admittedly rough analysis of the deep structures of globalization in mind, I return to the second premise stated in the introduction: the premise that political control over the globalized economy can only be justified by a normative discourse that takes seriously claims of cosmopolitan solidarity and redistribution. Actually, this premise combines two distinct premises: (1) political control over the (globalized) economy can only be justified by normative discourse; (2) in this discourse, claims of (cosmopolitan) solidarity and redistribution have to be acknowledged as legitimate.

(1) The analysis of the deep structures of modernity has shown that political control over economic processes has to make use of the anchors by which economic rationality and the steering media are established in the lifeworld. For modern societies, this means that it has to be justified by a fundamental discourse on law and justice. If modern societies „must have recourse to moral-practical convictions, there is no alternative ... to posttraditional legal and moral consciousness or to the corresponding level of justification“ (II: 290). In my opinion, the best model for the necessary normative discourse is provided by „deontological“ or „contractualist“ accounts such as John Rawls‘ theory of justice, T. M. Scanlon‘ s version of contractualism or Habermas‘ own discourse ethics.

(2) If the primacy of politics over the globalized economy has to be established by means of a contractualist discourse, this discourse inevitably has to be conducted on a global level. The globalization of the economy is followed by the globalization of the normative dimension. And as in the globalized economy, national borders lose their significance in a globalized society. I will not address the important problem of the moral standing of particularistic communities here. I am convinced that claims of cosmopolitan solidarity and redistribution have to be acknowledged whether the normative discourse is between states or between the citizens of the world. If we choose a Rawlsian „original position“ with some Habermasian traits as the model for the normative discourse, interests are only taken into account as a-personal or a-national, power plays no role, and only the better argument counts. In a situation like this, the principles that would be chosen by representatives of states who do not know which state they represent and the principles that would be chosen by individuals who do not know which state they belong to or who assume a world without states will certainly be different (cf. Kuper 2000). But my contention is that already in the weaker version where states are still taken for granted, the extent to which claims of redistributive justice have to be acknowledged would require a fundamental reversal of our current international political, social, and economic order. That, however, is a topic for another paper.

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<sup>1</sup> The popularity of these books has certainly differed significantly from country to country.

<sup>2</sup> {references to respective publications and statements}. The facts that a critical attitude towards globalization is a dominant theme in the academic literature of various disciplines, that it is so widespread across various professions and classes of society, that it is shared by people who disagree fundamentally about the right reaction to the problem, and last but not least the fact that phenomena associated with globalization have real and grave effects on people's lives (for example the economic crisis in Asia at the end of the 1990s) — all these facts suggest (in my view quite strongly) that we are not dealing with a massive hype or mass hysteria.

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<sup>3</sup> Somewhat surprisingly, references to Habermas are rarely found in the literature on globalization (no entry in the indices of Held et. al. 1999, Hurrell / Woods 199, \_\_\_\_\_, only one reference to Habermas in Held / McGrew 2000). This is understandable as far as the voluminous and complex *Theory of Communicative Action* is concerned, but less so in the case of Habermas' work on globalization (\_\_\_\_\_). This paper hopes to .....

<sup>4</sup> ~~Held, McGrew, David Goldblatt and Jonathan Perraton: „[G]lobalization can be thought of as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions — assessed in terms of their extensity, intensity, velocity, and impact — generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power.“ (Held et. al. 1999: 16)~~

<sup>5</sup> References to the *Theory of Communicative Action* will be given by roman numbers for the volume and arabic numbers for the page of the English translation. I have altered the translation where it seemed particularly unfelicitous.

<sup>6</sup> „The market is a mechanism that brings about the integration of society »spontaneously« insofar as it does not do this by harmonizing the action orientations via moral or legal rules but by harmonizing the aggregate effects of action via functional interconnections.“ (II: 115)

<sup>7</sup> [THIS PASSAGE WILL HAVE TO BE REPLACED BY THE EXPLANATION PROPER.] As I cannot provide this explanation here, I will try to at least indicate what the meaning of these terms is. I will give an indirect explanation, using theories of international relations that may be more familiar than Habermas' theory. Habermas' concept of „system“ is similar to Kenneth Waltz' use of the term in his *Theory of International Politics* (1979): a system is a functional web of action consequences. The concept of the „lifeworld“ emerges from the perspective of communicative action. Alexander Wendt employs a different yet comparable idea in his „Anarchy is what states make of it. The social construction of power politics“ (1992). Wendt's article is basically a transfer of the sociology of knowledge developed by Thomas Luckmann and Peter L. Berger in *The Social Construction of Reality* (1980) to the domain of international politics. Luckmann and Berger are part of the phenomenological tradition of sociology inaugurated by Alfred Schütz (cf. Schütz/Luckmann 1973) that in turn can be traced back to Edmund Husserl — and it is Husserl who coined the term „lifeworld“ (*Lebenswelt*).

<sup>8</sup> In this respect, the „transcendental“ lifeworld is similar to what Charles Taylor calls our „transcendental“ dependence on „webs of interlocution“: we can change the web, but we cannot do without one (s. *Sources of the Self. The Making of Modern Identity*, Cambridge, Mass.: Harvard University Press, 1989, Chapter 2, esp. pp. 36-39). It is interesting to note that language plays a central role in Habermas' and Taylor's argument and that both mention Wittgenstein and Wilhelm von Humboldt in this context.

<sup>9</sup> {The image of the ship at sea is, of course, Otto von Neurath's, made famous by Quine's, *Word and Object*}

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<sup>10</sup> Habermas takes over the distinction between two forms of rationality coined by Max Weber: *Zweckrationalität* on the one hand, *Wertrationalität* on the other. As far as I can tell, translators of Weber's works mostly rendered those terms as *instrumental rationality* and *value-rationality*, whereas Thomas McCarthy translates Habermas' use of the terms usually as *purposive rationality* and *value-rationality*.

<sup>11</sup> [PRELIMINARY NOTE: Habermas assertion that the steering media „replace“ and „substitute for“ language may require some qualification in light of the fact that both „money“ and „power“ rely on language to some degree. Contracts are made and commands are given through the use of words. Market and state both use language as a tool. But exactly this seems to be the crucial point of Habermas' analysis: language is robbed of its proper function of reaching understanding and instrumentalized for different purposes.]

<sup>12</sup> For an illuminating historical account of this change from interpersonal to monetarized economic relations see Karl Polanyi's *The Great Transformation. The Political and Economic Origins of our Time* (Polanyi 1944). {Marx?}

<sup>13</sup> If globalization just poses an old question anew in a slightly different context, it should come as no surprise that today's debates resemble earlier ones. This is especially true for the debates between proponents of capitalism and its marxist critics (even the Communist Manifesto sounds surprisingly modern again). One of the main reasons why those debates receded into the background for some time in most Western countries seems to be this: the liberal democratic state (*Rechtsstaat*) turned welfare state (*Sozialstaat*) pacified the latent conflict between economy and society to a degree where the question about the relation between system and lifeworld was no longer {relevant} in every day contexts. Today, the compromise achieved by the rise of the social-welfare state seems to be in danger again. One of many problems (a problem especially for some Western European countries) is that social policies with redistributive effects seem to be politically feasible only when the expenses can be covered by *increases* in the social product: in that case, they can give to the „have-nots“ without affecting what the „haves“ already have. Therefore, they can contain and mitigate class conflicts (cf. II: 348). Now, with shrinking budgets, class conflict may come back. Habermas himself remarked upon the irony of the return of a problem which Western societies believed to have vanished together with the Eastern Bloc but that is in fact as old as capitalism itself (Habermas 1998).

<sup>14</sup> Note that the adjective „economic“ could be replaced by a number of other adjectives such as „bureaucratic“, „military“, or „technological“. As long as the adjective refers to a field of human activity that can be organized as a system .... („cultural“ - Lebenswelt??) Weiter unten: What I want to argue is that the two most important sub-systems (economy / state) and maybe some others as well (military) are globalizing, but that „cultural“ globalization is not taking place, or not in a significant way, and cannot take place so easily, because it is not a system: McWorld is not the same as a global „lifeworld“. Es ist nicht alles das Gleiche: wirtschaftliche Globalisierung und „Weisswurst Hawaii“

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<sup>15</sup> Whether the process of „globalization“ makes the bureaucratic state stronger or weaker is still another matter. For an overview on the debate concerning this matter see the introduction to Held / McGrew 2000.

<sup>16</sup> cf. Habermas, Staatsbürgerschaft und nationale Identität, in: *Faktizität und Geltung*, S. 644

<sup>17</sup> George Soros' attack on what he calls „market fundamentalism“ echoes the same worry: „The functions that cannot and should not be governed purely by market forces include many of the most important of the most important things in human life, ranging from moral values to family relationships to aesthetic and intellectual achievements. Yet market fundamentalism is constantly attempting to extend its sway into these regions, in a form of ideological imperialism.“ (Soros 1998: xxvi)

<sup>18</sup> cf. *Faktizität und Geltung*, p. 59 f.

<sup>19</sup> Habermas gives up this distinction in a footnote to *Between Facts and Norms* (FG 502). Gründe unklar, s. *Faktizität und Geltung*, S. 502; s. K. Tuori, *Discourse Ethics and the Legitimacy of Law*, *Ratio Juris* 2, 1989, 125-143