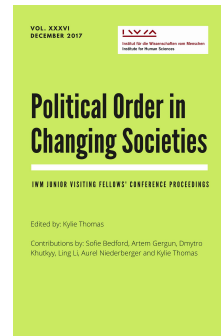


Extinction of the Welfare State Revisiting The History of Modernization Theory

Artem Gergun

IWM Junior Visiting Fellows' Conference Proceedings, Vol. XXXVI © 2019 by the author

Readers may redistribute this article to other individuals for noncommercial use, provided that the text and this note remain intact. This article may not be reprinted or redistributed for commercial use without prior written permission from the author. If you have any questions about permissions, please contact the IWM.



It is widely believed that modernization theory is an outdated theoretical concept developed by a number of American positivists after the end of World War II. Nowadays many researchers view it as a naïve attempt to reconstruct the post-war global order according to a scientifically proven recipe for promoting and supporting liberal welfare states all over the world. Indeed, after “the end of history” promise in the beginning of the 1990s, it seemed that the need for welfarism had faded away. However, the last two decades have proved that neoliberal utopia is not so simply attainable in the beginning of XXI century. The rise of far-right movements in the West, as well as the failure of democratization in the post-communist East, transforms it into a dystopian mix of nationalism, xenophobia and populism.

Why has the laissez-faire concept of capitalism been resurrected at the dawn of the XXI century and what caused it to gain its momentum as the philosophy of history concept, paving societal change in developing societies? Why has the modernization and democratization promise of the West ended up with the disappearance of the welfare state model in the East? Ironically, these questions stipulate the need to approach the problem of modernity not only as a task for political theory but rather as a problem for philosophy of history. I believe that rethinking the relation of neoliberalism to its theoretical predecessor, modernization theory, sheds the light on some key aspects of these transformations.

From “The End of Ideology” to “The End of History”

In 1989 Francis Fukuyama published his most famous essay “The End of History?” which signified the triumph of the West in the aftermath of the Cold War. There he tried to invigorate, though he himself does not acknowledge this, the main promise of modernization theory back from the 1950s-1960s, “the universalization of Western liberal democracy as the final form of human government”[1], through putting it on a firmer theoretical foundation. All through the 1990s, his aim was to transform the collective effort of a number of American social scientists, who wrote under the general rubric of

“modernization theory”, into the project of “universal history” by invoking Alexandre Kojève’s interpretation of Hegel’s philosophy of history. In fact, this original theoretical twist allowed Fukuyama to turn an outdated version of Talcott Parsons inspired structural functionalism into a full-fledged philosophy of history.

Like the modernization theorists of the post-World War II period, Fukuyama envisaged a universal historical process which unavoidably moved the world toward a political and social order exemplified by the West and particularly by the United States. In his view, only the scarcity of their theoretical apparatus averted American intellectuals from the conversion of modernization theory into a kind of universal philosophy of history. “It is striking,” he has written, “that in all the rich literature on democracy and the democratic transitions published in recent years [...] it is difficult to find a single social scientist who will any longer admit to being a ‘modernization theorist.’ I find this odd because most observers of political development actually do believe in some version of modernization theory.”[2] Since the Cold War was over and the Soviet Union collapsed, there was good empirical evidence, that modernization is a coherent process that produces a certain uniformity of economic and political institutions across different regions and cultures, and that, furthermore, was a good and desirable thing.

Francis Fukuyama has shifted modernization theory to the whole new level by taking its core, “the convergence hypothesis”, and transforming it into a Hegelian philosophy of history. However, originally convergence theory had its roots in the functionalist perspective of industrialized society which assumes that process of modernization invokes a profound change of societal values. For modernization theorists, this belief was grounded in Max Weber’s thesis of “rationalization” as the only historical process which leads to modernity and results in structuring social life according to a certain set of values.

In Talcott Parsons’s interpretation of Weber, his main project had been to attack Karl Marx’s analysis of capitalism by proposing that cultural factors rather than economic ones determined the historical specificities of capitalism. Such an approach was not an accident in the intellectual atmosphere of the Cold War. In Parsons’s own words, “underneath the ideological conflicts [between capitalism and communism] that have been so prominent, there has been emerging an important element of wide consensus at the level of values, centering in the complex we often refer to as ‘modernization.’”[3] According to this reading of Weber the “spirit of capitalism” was driven by a certain set of religious values, namely of Calvin’s and Luther’s Protestantism, which were standing behind the emergence of modern capitalism in XVI century Europe. Later such modernization theorists as Lucian Pye and Clifford Geertz followed this reading of Weber and claimed that achieving “modernity” required injecting the spirit of capitalism into traditional cultures of postcolonial peoples.

If modernity is viewed as a fortunate consequence of rationalization and industrialization, then in the long run both pro-West and pro-East camps will “converge” on the same set of modern values governing social life. For such founding fathers of modernization theory as Edward Shils and Gabriel Almond, “convergence” presumes that as nations move from the early stages of industrialization toward becoming fully industrialized, they begin to resemble each other in terms of societal norms and technology. As long as

industrialization required technology as the main driver of historical process, conflicting political ideologies can be surpassed by the process of the disenchantment of tradition and removing its syncretic unity with concepts based on rationality and reason as principal motivators for behavior in a society. Although there might be several paths to modernity, eventually, developed countries are destined to look similar everywhere from a cultural and material point view.

As Jurgen Habermas has observed, the modernization theorists separated the concept of modernity from its origins as the description of a specific period of European history and “stylized it into a spatio-temporally neutral model for the process of social development in general.”[4] Thus, as most of modernization theorists believed, this process would eventually finish ideological and military rivalry between two opposing blocs of the Cold War. In that sense industrialized socialist societies would reduce their structural inefficiencies by invoking some of free market practices; and, vice versa, liberal democracies would overcome the backdrops of laissez-fair capitalism by balancing market failures with enhancing welfare state and social security programs.

Moreover, modernization theorists asserted that eventually, the industrial development would lead to a post-ideological democratization the world over. This process was labeled “the end of ideology”, which was supposed to be the direct consequence of the unification of material conditions created by industrialism. In spite of labeling communism as a “morbid path” to modernity, classic modernization theorists didn’t view it as a deviation from modernity. As Shils writes, “There is no straight and easy road to the city of modernity. Whatever the main road chosen, there will be many tempting and ruinous side roads; there will be many marshes and wastes on either side, and many wrecked aspirations will lie there, rusting and gathering dust [...] Yet, some roads are better than others; some destinations are better than others.”[5] Rejecting communism, modernization theorists, in general, tended to see the Soviet Union being increasingly similar to the United States as they both were the manifestations of modernity.

Unlike classical modernization theorists, Fukuyama says nothing about “convergence” as a mutual historical process, in which different roads to modernity meet each other halfway. “History” in Fukuyama’s terms, consisted of the history of an ideological battle between conflicting visions of civilization and social order. As Nils Gilman put it, “Fukuyama’s outré Hegelian claim was that the United States was standing at “the end of history,” a fact that permitted American intellectuals (i.e., himself) to apprehend the meaning of the historical process, namely that “liberalism in the classical sense” was the historical calling of mankind. On the contrary, standing at the end of history in 1989, Fukuyama supposed that the ideological outcome of the historical process was neoliberalism. Everyone in the world that mattered could agree, according to Fukuyama, that liberal democracy and unfettered capitalism had become accepted as the only viable, legitimate ways of organizing human societies”[6].

Although Fukuyama claimed to be an heir of modernization theory, his vision of modernity was somewhat different. It seems puzzling, that standing at “the end of history” Fukuyama didn’t acknowledge that American modernity itself was a subject to

historical change, namely its definition of the 1980s-1990s was somewhat different from the one in the 1950s-1960s.

The End of the Welfare State

Modernization theorists throughout the 1950s-1960s tended to link political liberalism with a basic commitment to social welfare. They agreed upon the inevitability of creating a welfare state in the aftermath of the modernization process. In Daniel Bell's words, there was "a rough consensus among intellectuals on political issues: the acceptance of a welfare state; the desirability of decentralized power; a system of mixed economy and political pluralism." [7] According to Reinhard Bendix, modernization meant "the growth of the welfare state in the industrialized societies of the world, which in one way or another provides a pattern of accommodation among competing groups as well as a model to be emulated by the political and intellectual leaders of follower societies." [8]

The above mentioned considerations were in line with the broader definition of modernity provided by Edward Shils: "Modern states are welfare states, proclaiming the welfare of all the people and especially the lower classes as their primary concern. "Modern" states are meant necessarily to be democratic states in which not merely are the people cared for and looked after by their rulers, but they are, as well, the source of inspiration and guidance of those rulers. Modernity entails democracy, and democracy in the new states is, above all, equalitarian. Modernity, therefore, entails the dethronement of the rich and the traditionally privileged from their positions of pre-eminent influence [...] Modernity involves universal public education. Modernity is scientific. It believes the progress of the country rests on rational technology, and ultimately on scientific knowledge. No country could be modern without being economically advanced or progressive. To be advanced economically means to have an economy based on modern technology, to be industrialized and to have a high standard of living. All this requires planning and the employment of economists and statisticians [...]. "Modern" means being western without the onus of following the West. It is the model of the West detached in some way from its geographical origins and locus." [9]

The welfare state was celebrated throughout the post-war period as the political solution to societal contradictions. The idea of a mixed private-public economy, coordinated by professional economists trained in macroeconomic theory, was widely believed to represent the best way to alleviate poverty and other socio-economic ills. Keynesian economics seemed to promise macroeconomic tools for effective state control over the economy that did not need to involve more radical and direct interventions into the production process. Thus, modernization theory was a point of surpassing the rivalry between different political ideologies as the technocratic state could solve all social problems.

It is important to admit that in the post-World War II period the concept of United States as a welfare state was taken for granted within domestic as well as foreign policy domains. During the 1960s President Lyndon B. Johnson's administration declared an ostensible "war on poverty" with its "great society" programs, including free education and healthcare. However, it is widely believed that these plans were doomed as United States

were dragged into the military conflict in Vietnam. Postwar foreign aid programs also were designed to promote the liberal democratic welfare state, in particular, the Marshall Plan for Western Europe exemplified above mentioned approach to modernization. In other words, modernization theory, as it was articulated in the 1950s and 1960s, was the golden age of the welfare state.

The structural components of the welfare state were widely considered to limit and mitigate class conflict, to balance the asymmetrical power relation of labor and capital, and thus to overcome the condition of disruptive struggle and contradictions that were the most prominent feature of pre-welfare laissez-faire capitalism. This seemed to be the converging view of political elites both in countries in which the welfare state is fully developed and in those where it is still an incompletely realized model. Even in the United States, the debate at that time was not centered on the basic desirability and functional indispensability, but on the pace and modalities of the implementation of the welfare state model.

During the 1970s, the welfare state, which was previously regarded as a device of political problem-solving, has itself become problematic. The sharp economic recession has given the rise to an intellectually and politically powerful renaissance of neo-laissez-faire and monetarist doctrines, according to which the welfare state can and should be abolished so that the resurrection of the free and harmonious market society can take place. The idea of the welfare state was subjected to many critical attacks from a wide range of perspectives: starting from the right-wing assertions that welfarism is an obstacle to generating wealth and could produce disincentives, up to the left-wing accusations on repressiveness of the concept of welfare state.

Such neoliberal thinkers as Friedrich von Hayek and Milton Friedman criticized welfarism for two main reasons. First, the welfare state apparatus imposes a burden of taxation and regulation upon capital which amounts to a disincentive to investment. Second, at the same time the welfare state grants claims, entitlements and collective power positions to workers and unions which amounted to disincentive to work, or at least to work as hard and productively as they would be to under the reign of unfettered market forces. As Claus Offe puts it, “taken together, these two effects lead into dynamic of declining growth and increased expectations, of economic “demand overload” (known as inflation) as well as political demand overload (“ungovernability”), which can be satisfied less and less by the available output.”[10]

Ironically, another blow to the welfare state was made by the New Left intellectual movement of the 1960s-1970s. Such leftists as Herbert Marcuse clearly followed Karl Marx and his terming the idea of distributive justice as “ideological nonsense” in “Critique of the Gotha Program” back from 1891[11]. In spite of the undeniable gains in the living conditions of wage earners, the institutional structure of the welfare state has done little or nothing to alter the income distribution between the two principal classes of labor and capital. If “the structure of distribution” is completely determined by “the structure of production,” those who own land or capital goods will define the balance of power in any society. Thus, the huge welfarist machinery of redistribution does not work in the vertical, but in the horizontal direction, namely, within the class of wage earners.

Moreover, the welfare state is seen not only as a source of benefit and services but, at the same time, as a source of false conceptions about historical reality which have damaging effects for working-class consciousness, organization, and struggle. First of all, the welfare state creates the false image of two separated spheres of working-class life. On the one side, the sphere of work, the economy, production and “primary” income distribution; on the other, the sphere of citizenship, the state and “secondary distribution”. This division of the socio-political world obscures the causal and functional links and ties that exist between the two, and thus prevents the formation of a political understanding which views society as a coherent totality-to-be-changed. Contrary to that, the symbolic indoctrination of the welfare state suggests the ideas of class co-operation, the disjunction of economic and political struggles, and the evidently more and more ill-founded confidence in an ever-continuing cycle of economic growth and social security.

Particularly, it is interesting to admit that Herbert Marcuse in his claim of the end of class conflict repeats the arguments for “the end of ideology” by such modernization theorists as Daniel Bell. Marcuse, like Bell, takes it that the changes in consumption and in the structure of the labor force and the institutions of the welfare state have domesticated the working class and the labor movement and have so made the classical Marxist doctrine of class conflict inapplicable to modern society. Both Marcuse on the one hand and Bell on the other seem to envisage the ending, or at least radical modification, of the conflict between the labor movement and capital as spelling the ending of ideological conflict. Hence “the end of ideology” doctrine is implicitly and surprisingly accepted by Marcuse.

Suffering from the blows by the right and left sides of political spectrum the idea of the welfare state slowly faded away from the intellectual debates on the nature of modernity. Consequently, politicians in most developed countries of the West almost unanimously chose the return to laissez-faire liberalism in political theory as a perfect excuse to blame the welfare state for the economic crisis of the 1970s. For example, “Labour does not work!” was one of the slogans campaign that brought Margaret Thatcher into the office of the British Prime Minister.

Later, in the 1980s-1990s, a number of intellectual harbingers of the globalization era continued to promote a neoliberal formula of “advanced capitalism minus the welfare state”. Henceforth, the latter was perceived not as an embodiment of modernity itself, but rather a major impediment on the path to achieving modernization.

The case of Francis Fukuyama is highly illustrative in this regard. For him, the reason for “the end of history” and the universal embrace of neoliberalism and free-market capitalism, invoking Hegel, is that these systems are better suited than any others for allowing individuals to achieve the mutual social “recognition” that is the existential aim of human life. However, unlike classical modernization theorists, Fukuyama suggested that the welfare state did not give as much scope for “recognition” as unrestricted neoliberalism.

In his book on social capital and its role in society, “Trust: The Social Virtues and the Creation of Prosperity”, Fukuyama directly blames the structures of the welfare state for “wasting social capital”. In his view, it is very clear who the main enemies are for building

trust and solidarity among society: addressing or correcting social difficulties with tools such as the welfare state, which promote a passive dependence on the state by supporting the weakest, thus contributing to the erosion of their self-help networks (for example by helping young mothers, it discourages the constitution of new families).

During the second half of the 1990s, Fukuyama envisaged Germany as the main victim of the blindfolded support for the welfare state. In his opinion, the welfare state structures in Germany were liable for “consuming half the nation’s gross domestic product by the early 1990s. German labor had become very expensive, and employers were burdened with the mandatory costs of health care, unemployment, training, and vacation benefits, as well as sharp constraints on their ability to lay off workers and downsize their companies.”^[12]

Whereas Fukuyama claims that the welfare state is an ominous political tool to be utterly erased from the political agenda, other followers of neoliberal critique of the welfare state, in much more subtle ways, present social capital as a costless proxy to replace the old and expensive welfare system. More accurately, these latter make use of the concept as a crucial pillar to support the institutions’ and policy makers’ need to justify and disguise the transfer of burden of social welfare from the public to the voluntary sector – now glorified as the realm of civiness and cooperation.

In other words, the updated version of modernization theory inspired by such theorists as Fukuyama dethroned welfare as the ultimate goal of history. They put wealth on this pedestal. The illnesses of the welfare state were to be cured by giving more freedom for accumulating wealth.

By the beginning of the 1990s, the concept of modernization as creating socio-economic preconditions for a welfare state had been completely forgotten. After the collapse of the Soviet Union, a laissez-faire path to modernization seemed to be inevitable for newly created post-soviet republics. In line with the concept of “the end of history” Western support of democratization processes in the East was based on neoliberal recipes for getting rid of state-owned enterprises, cutting ineffective public spending and social care systems, which previously were the backbone of the socialist version of welfare state.

Surprisingly, this understanding of the historical purpose of the state easily settled and flourished in such post-soviet countries as Ukraine. Starting from the 1990s the structures of the welfare state in Ukraine were gradually dismantled roughly for the same reasons as was the case in many developed countries of the West – it was blamed for inefficiency and repressive practices which suppressed economic and political freedoms. The promise of the welfare state was dethroned with a conception of the free market as the main tool for mending all the inefficiencies of the welfare state. Eventually, the communist utopia of universal welfare state turned into dystopian mix of oligarchy, kleptocracy, and populism with the idea of laissez-faire capitalism (not for the many but for the few) behind the scenes generating the historical dynamic of Ukraine.

As a result, the question of welfare is disappearing from the radars of the government as well as the civil NGO sector in Ukraine. Demanding more wealth for more people is widely believed to be the right path to modernity. Thus, public policy discourse has been

rearticulated in terms of extending economic freedoms in order to gain wider access to wealth accumulation rather than extending state networks for supporting “the least advantaged” members of the society.

It is important to admit that Ukraine is not unique in this regard. For example, in contemplating the history of Japan’s modernization Kenichi Mishima admits the interdependence between neoliberal modernity and the experience of state paternalism in the past. In his opinion, in times of crisis, the administrative exclusion of public discussion not only allows the interest of the state to prevail, to the disadvantage of the weak, but also creates a Social-Darwinist mentality. As long as the process of Japan’s postwar modernization required state-controlled rapid industrialization, economic competition under these circumstances was widely seen as a law of “natural selection”. That is why the idea of the welfare state was perceived as a rigid attempt doomed to failure, something that contradicts the rule of survival of the fittest. [13]

The End of Labor?

As mentioned above such leftist thinkers as Herbert Marcuse despised the idea of welfare state and ridiculed it as no more than charity and almsgiving. From this point of view, the idea of the welfare state was not to support the weakest, but rather to pacify them, preventing a revolt against the labor-capital system of exploitation. However, to treat welfare as an instrument of social control is at very best a half-truth, and a very dangerous one insofar as it distracts from concern over welfare. Historically the institutions of welfare not only could not have come into being without continuous struggle, especially by organized labor, but were maintained by continuous pressure.

In 1984 claiming the death of the welfare state, Claus Offe wrote about its “embarrassing secret”: while the impact of the welfare state upon capitalist accumulation may well become destructive, its abolition would be also plainly disruptive. “The contradiction is that while capitalism cannot coexist with, neither can it exist without, the welfare state.”[14] Indeed it seems plausible to claim that the enigma of the welfare state’s extinction is related to its functional purpose in the system of modern capitalism.

Taking this view for granted the question of modernity transforms into more analytically adequate question of the nature of capital in the XXI century and its relation to the question of modernity. Recently Thomas Piketty proved through aggregating a huge amount of macroeconomic data that the modern world is returning towards XIX century laissez-faire “patrimonial capitalism”, in which much of the economy is dominated by inherited wealth. The central thesis his book, “Capital in the Twenty-First Century” is that inequality is not an accident, but rather a constant feature of capitalism. Piketty bases his argument on a formula that relates the rate of return on capital to economic growth. He argues that when the rate of growth is low, then wealth tends to accumulate more quickly from capital than from labor and tends to accumulate more among the top 10% and 1%, increasing inequality. According to Piketty, this historical trend reversed only once between 1930 and 1975 due to unique circumstances: the two world wars, which prompted governments to undertake steps towards redistributing income. Otherwise, it would lead to the same social discontent as back in the XIX century.[15]

Despite showering a forest of numbers on his reader, Piketty's research seem to grasp rather symptoms, not the nature of the illness itself. If modernity is to be understood as a historically specific ontological form of capitalism, then we need to explain what transformations within labor-capital relations generated such phenomenon as the extinction of the welfare state and the rise of neoliberalism. Moreover, it would be extremely naïve to suppose that these tendencies were instigated by Francis Fukuyama and his thesis of "the end of history" or a number of neoclassical theories by laissez-faire economists from the University of Chicago.

If Claus Offe diagnosed the death of welfare state in the 1980s, why more than thirty years later do we not see any major disruption to the structural relation between labor and capital, which seems to be logical taking the leftist view as a point of departure? Might the extinction of the welfare state be related to a transformation of modern capitalism itself? Not coincidentally, the topic of the forthcoming Fourth Industrial Revolution for a great deal is focused on the transformation of labor-capital relation. For example, starting from 2015, numerous discussions at the World Economic Forum point out that the revolution could yield greater inequality, particularly in its potential to disrupt labor markets. Since the middle of the 1970s levels of productivity soared among developed countries of the West, at the same time the number of manufacturing jobs significantly diminished. As automation substituted for labor across the entire economy, the net displacement of workers by machines might exacerbate the gap between returns to capital and returns to labor.

To my mind, modern capitalism should be understood in its own historical terms and specificity. Just as the method of hermeneutics explores the constituencies of a human lifeworld (Lebenswelt), philosophy of history should understand modernity as a historically specific form of capitalism. As Moishe Postone recently admitted, an adequate critical theory of capitalism "should not be understood only in terms of a critique of the dominant mode of distribution – namely, private ownership of the means of production and the market – as has arguably been the case with traditional Marxism. Rather, especially as viewed from the vantage point of the present, I suggest that capitalism should first and foremost be understood as a historically specific form of social life, at the heart of which is historically unique abstract forms of domination that finds expression in a global historical dynamic [...], this form of life is not intrinsically or ontologically Western, but has itself reshaped the West. It cannot, therefore, be adequately grasped in reified culturalist terms"[16].

This departure from "classical Marxism" allows the use of the Marxian analytical apparatus of his "mature works" for the critique of political economy without referring to ambiguous concepts of history as class fight or unfolding of dialectic materialism, which are an unattainable part of "traditional Marxism". For Postone, the latter was focused excessively on "private ownership", the "market", and "distribution". It had a "transhistorical" view of labor, seeing labor both before and after capitalism in terms that are only appropriate for capitalism, thereby repeating classical political economy's

“eternalization” of capitalist social relations. It saw Marx as a completion of the labor theory of value of Smith and Ricardo, rather than a radical break with that theory; it talked of “political economy” rather than the critique of political economy.

Moishe Postone is right in claiming that “traditional Marxism” criticized capitalist society “from the standpoint of labor” as if labor were something “extrinsic” to capitalism, rather than critiquing the “constituting” role of labor as something unique to capitalism, and something to be abolished. “Traditional Marxism” imagined its task to be that of freeing industrial production from capitalist social relations rather than seeing industrial production itself as a capitalist social relationship. On the contrary, a close reading of Marx’s mature critique of political economy calls into question the transhistorical presuppositions of the traditional interpretation. In Postone’s own words, “Marx explicitly states in the Grundrisse that his fundamental categories are not transhistorical, but historically specific. Even categories such as money and labor that appear transhistorical because of their abstract and general character, are valid in their abstract generality only for capitalist society [...]. At the heart of his analysis is the idea that labor in capitalism has a unique socially mediating function that is not intrinsic to laboring activity transhistorically”[17].

Unfortunately, I will not go into further detail about Postone’s argument about the dialectic of abstract/concrete labor in the late works of Marx, as the scope of this paper is quite limited[18]. Suffice it to mention that this approach views labor in capitalism as a unique social mediator, whose function is not intrinsic to laboring activity transhistorically as it is perceived in “traditional Marxism”. Hence, what labor produces, its objectifications (commodity and capital) are both concrete labor products and objectified forms of social mediation, which are characterized by the opposition of an abstract, general, homogeneous dimension and a concrete, particular, material dimension, both of which appear to be “natural” rather than social, and condition conceptions of social as well as natural reality. For example, value is historically specific to capitalism, which means not only that non-capitalist societies are not structured by value, but also that a post-capitalist society will also not be based on value as an objectified result of labor. This, in turn, entails showing that the secular tendency of capital’s development is to render value as well as labor increasingly anachronistic.

What does it mean for structural relations between labor and capital in XXI century? The drive for ongoing increases in productivity leads to the increasing importance of science and technology in production. It turns out that technology in principle can substitute labor in its relation to capital as the result of historical unfolding of modernity. That’s why the welfare state seems also to be anachronistic in the same way value and labor is to capital. This opens the possibility of large-scale socially general reductions in labor time, and fundamental changes in the nature and social organization of labor, which suggests that the abolition of capitalism would not entail the self-realization of the proletariat (as it is the case in “traditional Marxism”), but rather its self-abolition. On the other hand, Postone envisage another possibility: “because the dialectic of transformation and reconstitution not only drives productivity forward, but also reconstitutes value, it thereby also structurally reconstitutes the necessity of value-creating labor, that is, proletarian

labor. The historical dynamic of capitalism, then, increasingly points beyond the necessity of proletarian labor while reconstituting that very necessity. It both generates the possibility of another organization of social life and yet hinders that possibility from being realized”[19]. In any case, this tension distorts the perceived relation of labor to capital, which in turn generates such dangers of “liquid modernity” as the rapid growth of the precariate, superfluous innovativity of creative class and digitalization of social life.

The promise of neo-liberal utopia is about reaching “singularity” and “creating a better world”, in which the scarcity of resources as well as labor are not the problems anymore. However, from sociological and anthropological points of view, human beings are naturally productive, sociable beings who find fulfillment and meaning in their lives through labor. Thus, if labor is to be substituted by technology, so is the meaning of life. Not coincidentally, Francis Fukuyama’s “the end of history” is followed by “a last man” thesis. Social being of a post-labor society would entail the end of human social life as we know it today.

Paradoxically the welfare state could be resurrected in the wake of such post-labor and post-human society. The neoliberals are right about one thing: in a globalized world, a retreat into autarky would be a new equivalent of Luddism. In a world economy, therefore, institutions of income redistribution must be built on a global level. Fukuyama himself recognizes that modernity is not a substitute for letting some people have an opportunity to get rich, otherwise it is difficult to defend it from the attacks of populists, far-right politicians or movements like “Occupy Wall Street”, to say nothing of ISIL radicals.

Some vision of a global welfare state remains the best defense of rationality and the Enlightenment. Modifying modernization theory around the aim of building global welfare-providing institutions gives a much more compelling justification for “the end of history”, than neoliberal denial of an institutional mending of free-market failures. Actualizing the best parts of the 1950s modernization theory might be a good idea in order to create healthier, wealthier, more equal, and more democratic world. This can revert the demodernization tendencies for such postcolonial and pro-Western countries as Ukraine. The hope for egalitarian inclusion in global decision making and an opportunity for economic improvement as well as access to a greater share of the world’s riches should remain alive.

Notes

[1] Fukuyama, Francis. “The End of History?” *The National Interest* (Summer 1989): p. 3.

[2] Fukuyama, Francis. “The Illusion of Exceptionalism.” *Journal of Democracy* 8, no. 3 (1997): p. 146.

[3] Quoted in Gilman, Nils. *Mandarins of the Future: Modernization Theory in Cold War America*. London: The Johns Hopkins University Press, 2003, p. 103.

- [4] Habermas, Jürgen. *The Philosophical Discourse of Modernity*. Translated by Frederick G. Lawrence. Cambridge: Massachusetts Institute of Technology Press, 1987, p. 2.
- [5] Quoted in Gilman, Nils. *Mandarins of the Future: Modernization Theory in Cold War America*. London: The Johns Hopkins University Press, 2003, p. 103.
- [6] Gilman, Nils. *Mandarins of the Future: Modernization Theory in Cold War America*. London: The Johns Hopkins University Press, 2003, p. 268.
- [7] Ibid., p. 58.
- [8] Ibid., p. 16.
- [9] Quoted in Gilman, Nils. *Mandarins of the Future: Modernization Theory in Cold War America*. London: The Johns Hopkins University Press, 2003, p. 1-2.
- [10] Offe, Claus. *Contradictions of the Welfare State*. Edited by John Keane. London: Hutchinson, 1984, p. 149.
- [11] See the chapter “One-Dimensional Society” in Marcuse, Herbert. *One-Dimensional Man*. New York: Routledge Classics, 1964 (reprinted 2002), p. 3-127.
- [12] Fukuyama, Francis. *Trust: The Social Virtues and the Creation of Prosperity*. New York: A Free Press Paperbacks Book, 1995, p. 242.
- [13] See Mishima, Kenichi. “Establishing a Social-Darwinist Mentality in Japan’s Paternalist State: The Potential of Resistance by a Counter-Public.” *Critical Asian Studies* 48, no. 3 (2016): p. 338-355.
- [14] Offe, Claus. *Contradictions of the Welfare State*. Edited by John Keane. London: Hutchinson, 1984, p. 153.
- [15] Piketty, Thomas. *Capital in the Twenty-First Century*. Harvard University Press, 2014.
- [16] Postone, Moishe. “The Current Crisis and the Anachronism of Value: A Marxian Reading.” *Continental Thought and Theory* Volume 1, no. 4: 150 years of *Capital* (2017): p. 39.
- [17] Postone, Moishe. “The Current Crisis and the Anachronism of Value: A Marxian Reading.” *Continental Thought and Theory* Volume 1, no. 4: 150 years of *Capital* (2017): p. 44.
- [18] For more details refer to the chapter “Abstract Labor” in Postone, Moishe. *Time, Labor and Social Domination. A reinterpretation of Marx’s Critical Theory*. Cambridge University Press, 1993, p. 123-185.

[19] Postone, Moishe. “The Current Crisis and the Anachronism of Value: A Marxian Reading.” *Continental Thought and Theory* Volume 1, no. 4: 150 years of *Capital* (2017): p. 50.

Preferred citation: Gergun, Artem. 2019. Extinction of the Welfare State: Revisiting The History of Modernization Theory. In: Political Order in Changing Societies, ed. K. Thomas, Vienna: IWM Junior Visiting Fellows’ Conferences, Vol. 36.