

## Socialist society and functional differentiation

*POVZETEK (Socialistična družba in funkcionalna diferenciacija):* Avtorjev namen v članku je, da s pomočjo moderne systemske teorije pokaže, kaj je tipično za socialistične družbe kot družbeni system. Ugotavlja, da je tudi družbena ureditev v socializmu predstavljala obliko funkcionalne diferenciacije. V modernih družbah je glavni problem, kako znotraj funkcionalne diferenciacije delnih sistemov priti k njihovi družbeni integraciji. Da bi se izboljšala učinkovitost delnih sistemov, je potrebno v teh družbah systemske funkcije obravnavati tudi kot posledico delovanj, tako da se nujno soočijo s problemom kolektivne akcije. Družbe se dokaj različno soočajo z napetostjo med kolektivno in individualno racionalnostjo. Kar je značilno za socializem, je njegovo prizadevanje, da se funkcionalno diferenciacijo poveže z razrednostjo. To vodi k dobro znani praksi fizičnega izključevanja posameznikov iz družbe, vse z namenom, da se zagotovi njena enotnost. Avtor v članku primerja socializem kot obliko funkcionalne diferenciacije s tipi družbenih integracij, ki temeljijo na solidarnosti in z liberalizmom.

*KLJUČNE BESEDE:* socializem, funkcionalna družbena diferenciacija, razredna družba, liberalizem, družbena solidarnost, systemska družbena teorija

### 1. Introduction

Anyone acquainted with Niklas Luhmann's theory of society will realize that the interest in finding a form of unity in or for modern society deviates from what Luhmann holds to be within the realm of the possible. Luhmann gives two main reasons for the lack of unity in modern society. The first points to consequences of its form of differentiation. Modern society is characterized by functional differentiation. It consists of several subsystems such as the political system, the economy, science, law, technology, religion, the family, the mass media, art, education, the medical system, sports, etc. Each of these systems is specialized to fulfil one and only one function for society. They are autonomous systems that operate according to their own logic or binary code. One system cannot therefore direct or guide the operations of another. Accordingly, "we live in a society which cannot represent its unity within itself, because this would contradict the logic of functional differentiation. We live in a society without a top and without a centre. The unity of society no longer appears within this society" (Luhmann 1990a:16).

Moreover, modern society is world society. There is a global market for financial capital, for many types of goods, and even for labour. Also technology, science, the

mass media and art are undoubtedly global systems in the sense that what happens in one place on earth is affected by what might happen in any other place, and every operation in the system must take this into consideration. Other systems, like the political system and the system of law, seem to be more confined within national borders. There are of course international law and global politics, but so far the medium of power has been closely linked to the nation state. Through the nation state it has been possible for society to regulate the operations of its subsystems - to a certain extent. We might distinguish between larger regional units according to different ways of ordering the relationship between function systems. We might then have Muslim society, the western form of modernization with the mixed welfare state and market economy, and there used to be a socialist camp. All these three societies, or rather societies of society are enmeshed in the global differentiation of function systems. They all have science, technology, mass media, medical care, legal systems, etc., but they set themselves apart from one another with respect to the mechanisms applied to create a unity of differences. This implies that some of the subsystems differ from one another in each setting. The religious systems have a dominating position in Muslim society, and the economy is politically controlled under socialism while markets are marginal. There are of course also differences within the regions between nation states, for instance as to the relative positions of state and market in the welfare state/market-mix.

Now, one could argue that these regional forms of integration of function systems all belong to the past. There is definitely no longer a socialist camp, even if one can speak of a socialist system in the People's Republic of China, North Korea and Cuba. But these societies are not attractive to anybody outside the system. Socialism has lost out in the competition with the other two. It is a society without a future. The Muslim form of religious integration, on the other hand, has been rather successful and is on the increase. The religious movement, however, can perhaps best be understood as a reaction against modernity. Within the welfare state/market-mix, the market is on the offensive while the state and the political system have problems in coping with the increasing globalization of financial and other markets.

The overall picture thus seems to confirm Luhmann's view: that world society is a differentiated system which owes its performances to the autonomy of the function systems and which cannot be combined with any form of central governance. The existence of organizationally controlled regional autonomies is not compatible with functional differentiation. Any attempt at introducing this type of modernization in modern society must be paid for with stagnation, with the use of force and dwindling acceptance, and in the end with the breakdown of "the system".<sup>1</sup> This is the evaluation in one of Luhmann's few scattered remarks on socialism in particular, but the point is a general one - that of the impossibility of a hierarchical ordering of function systems.

However, although there is much in the present situation to support Luhmann's claim that "*we live in a society which cannot represent its unity within itself*," I am reluctant for several reasons to subscribe scientifically to Luhmann's macroscopic views. Luhmann's statement is paradoxical since it claims what it denies. A statement of the impossibility of representing the unity of the system in the system is an observation of

some form unity, and thus its representation is possible. This paradox must either be “unfolded” or abolished as a simple self-contradiction. This brings us to the more empirically founded reason to be hesitant about Luhmann’s conclusion. For a considerable period of time different forms of political coordination of function systems was rather successful - as Luhmann admits. Think, for instance of the nordic welfare states or Germany, which were able to promote both functional differentiation and inclusion of nearly the whole population. Even the socialist countries were capable of bringing about functional differentiation through the state, to a certain extent and for some time. At least at a certain stage in the development of modern society functional differentiation was not a spontaneous process but one observed, furthered and regulated by society through the state. Modernization was a project rather than merely the outcome of evolution. Also today the nation state plays a significant role in the allocation of resources among function systems. This makes questionable Luhmann’s statement that it is the *logic* of functional differentiation that makes futile any attempt at creating a unity of the subsystems of modern society. Perhaps it is more the size of the system, the character of world society, that is the critical factor. The abovementioned flaw in Luhmann’s reasoning makes it necessary to take both a closer look at the concept of functional differentiation and to investigate mechanisms of governance in more depth, and only then to decide whether they are limited to the nation state or whether some forms of governance may be transposed to the level of world society. It is in this perspective that a comparison of regional forms of integration might turn out to be fruitful, and here I will take a closer look at socialism as a form of integration.

The rest of the article is organized as follows. The next two sections present the conceptual tools needed for the analysis. First I discuss the concept of function as used by Luhmann and others. However, observed as the consequences of action, functional differentiation is collective action, and the real shortcoming of the theoretical discussion is connected with this concept. I suggest filling out this theoretical deficit with a concept of collective rationality. On this basis it is possible to distinguish between three different self-descriptions of modern society: liberal, socialist and welfare states. In sections three and four I try to discern how unity was created within the socialist system as a particular form of functional differentiation. In the last two sections socialism is compared with the western attempt at creating unity through the medium of solidarity. The discussion as a whole is structured by the assumption that the switch from a theory of action to communication as the basic social entity opens up new avenues for old debates.

## **2. Confusion in the conceptualization of the functional**

To scale down an extended debate on the proper role of the concept of function in the social sciences, I will here focus on the relation between function and action in sociological theory, since function becomes problematic to the extent that it replaces consequences in sociological explanation (Elster 1983). Functionalism is the attempt to explain the existence of social patterns, structures, institutions or subsystems as the outcome of unintentional consequences. The contentious claim is that these entities

exist because they have useful effects for society and fulfill needs for the social system. Functionalism thus implies a circularity whereby effects become their own causes. It inverts the arrow of time and violates the law of motion that says causes must appear before effects. Functionalism should be replaced either by a proper causal explanation or one referring to intentions, that is, that the members of society are aware of the useful consequences of their actions for society and act consciously to further and protect the relevant institutions that benefit society.

What this criticism overlooks is the real concern behind the sociological interest in the concept of function. Just as society cannot be caused by its history, neither is it the invention of its members. The attempt to square the circle and explain phenomena in accordance with linear logic leads to an infinite regress that asks for causes for causes and reasons for reasons. Function represents an alternative to this. But identifying functions is not to explain them. The sound sociological attitude has always been to separate function and explanation. Already Emil Durkheim (1938:90) stated that to show how a fact is useful is not to explain how it originated or why it is what it is. The uses which it serves presuppose the specific properties characterizing it, but do not create them. To search for relations between societal needs and functional properties of institutions are necessary steps in the research process, not its conclusion.

Luhmann (1970) holds that function constitutes a comparative perspective that enables the observation of both causes and effects. In systems theoretical terms, functions relate subsystems to the system as a whole. Logically there are three possible types of relations between systems (Luhmann 1981, 1990a, 1997:757). A subsystem may relate to the *whole system* to which it belongs, or to other subsystems, and a system can also have a relation to itself. In differentiated systems the relation of a subsystem to the whole is determined by a specific *function*; while relations to the other subsystems can be designated as *performances* (Luhmann 1990a:73). Specialization means independence *and* dependence at the same time. Every system becomes autonomous with respect to its own specialization. For instance, only science can determine what is true, not religion or politics. This implies that a system becomes dependent for its own operations on operations fulfilled in other systems. Modern politics and business needs scientifically verified truths for their own functioning, and all other systems must acquire resources from the economic system. It is when this interdependency between specialized systems is observed in society that we may speak of differentiation as functional.

The claim that differentiation is functional is a statement of the unity of that which is separated - the parts either serve or do not serve one another and thereby the needs of the totality they constitute. Luhmann's point, however, is that with the transition to functional differentiation society no longer subjects the subsystems to a unitary perspective, as for instance in stratified societies where every subsystem determines its relations to other systems as a question of rank.<sup>2</sup> In the case of functional differentiation each subsystem determines its own identity. The perspective of unity, by which the distinction between system and environment is differentiated, is the function that the subsystem fulfills for the total system (Luhmann 1997:746). But every function system operates with its own perspective on society.<sup>3</sup> Society is differentiated into subsystems

and no system can substitute for another. There is no place in modern society from which to make an overall assessment of the utility or disutility of the different subsystems. Or there are many different perspectives on what society is about and what it needs, one for every system.

However, the statement that society lacks unity is a reference to its need for unity and as such an observation of society as a totality. And it takes place *in* society. Society cannot be observed from the outside. It is the all-encompassing system that includes everything social within it, also its own observation. Society is the border against the non- social environment. Psychic systems belong to the environment of society, and they of course have thoughts about society, but as soon they are expressed in communication they appear on the inside and belong to society. Society consists only of communications, and of all communications. Luhmann's claim that modern society cannot represent its unity within itself contains a logical flaw that confuses his theory of society.

On the one hand, Luhmann argues that the driving force behind the increasing differentiation of society into specialized subsystems is the increased performance that follows from a maximum of autonomy. This is not only a statement of the overall utility of subsystems for society, which in fact should be impossible. Moreover, Luhmann's argumentation comes close to a functionalist explanation since he seems to infer that the benefits that follow from differentiation - increased performance - also fuel the process of differentiation and therefore explain it. But he never accounts for the actual mechanism that transform the beneficial consequences of a certain development into causes of that development.

On the other hand, Luhmann maintains that the increasing specialization and globalization of subsystems is in fact dysfunctional. The most prominent manifestation of this is the growing environmental problem (Luhmann 1986). Ecological threats have their causes in several subsystems while a solution calls for a general approach or even some form of collective action superseding the operations of each individual system. But this cannot be, because it contradicts the principle of functional differentiation. Perhaps this is the actual distinction, then: Modern society may experience both the benefits and the costs of differentiation into function systems. Thus it has the capacity to observe itself, for instance via the new protest movements and through the mass media (Luhmann 1997). Society may have a unitary perspective but it cannot *act* as a unity. It can only register and lament the negative effects of specialization, but society cannot *do* anything about them. It is this function of the concept of function to connect causes to actions that is the real problem which still confuses the theoretical discussion. We should address the problem directly, and I will therefore take a closer look at systems theory as a theory of action.

### **3. Society as collectivity**

There is a double uncertainty in all social encounters, and social systems develop as ways of handling this complexity, which emanates from the interdependence of choices.

Luhmann has taken over this reformulation of the Hobbesian problem of order from Talcott Parsons (1951). While Parsons still tries to solve the problem within the framework of a theory of action, and in both cases conceives of a solution in terms of normative integration, the novelty of Luhmann's approach follows from his transition from a theory of action to taking communication as the basic operation of social systems. Society consists not of individual human beings or even actions, but only of communications as the unity of the differentiation among information, utterance and understanding. Communication is not the transmittance of a mind content between individuals, but an undertaking on the part of ego. She projects the distinction between information and utterance on alter - and understands. Understanding does not imply agreement, but creates an open situation of either acceptance or rejection. This severance in the process of communication is what Luhmann (1995 [1984]) calls the fourth distinction of communication and action. Acceptance and rejection are observed in the process of communication as actions. It is this distinction between communication and action that allows both for the possibility of a problem of double contingency in interaction and a social solution to it. Ego can never know for sure alter's reasons for his selections of actions and what he thinks about the situation, but through communication both sides can develop certain clues that help them get along. Communication is a *sui generis*, not reducible to the qualities of the participating individuals. It is an autopoietic system that evolves by self-reflection. The impetus for self-generated variation comes from the negative response. This is the reflection value of the communication process, since lack of support provokes communication about alter's reasons for his rejection. The communication may then either communicate about the selection of the informational content or the interest positions of the communication partners.

Luhmann finds a solution to the problem of double contingency by way of a transaction whereby ego suggests that she will do what alter wants, if alter does what she wants. This cannot, however, be the general form for the self-reflection of communication as action, but rather the more specialized case of exchange whereby two parties sanction each other into cooperation. The structure of an exchange is not self-sufficient and needs a supporting environment of property rights. Property rights involve the onlookers to an exchange and raise problems not of double but of triple or multiple contingency. In general: Society always involves more than two people, and cannot therefore be reduced to relations of exchange.

The important distinction in a theory of society is between communication that involves two and that which involves three or more individuals. When the communication system comprises more than two actors who are dependent on each other, communication not only becomes more complicated, but also takes on a totally different structure. As revealed in the game theoretical literature, i.e. where the actors are assumed to take into consideration the consequences for themselves of the interaction, actors face a certain dilemma over the choice of action: They all gain from cooperation, but each of them could gain even more from defection. However, when all try to exploit this opportunity to take a free ride, the collective good will not be produced and everybody is worse off than if they all cooperated. Consequently, each and every one of them should sacrifice

their self-interest to the common good. A distinction between individual and collective rationality becomes apparent that structures the ensuing communication process.

A major topic in sociological theoretical debate is how this problem of collective action can be solved. Treated within an action theoretical framework there are only two options. Either one assumes that the actors are rational, and the dominant strategy in a rational choice perspective is to defect. But as Durkheim and Parsons (1968 [1937]) in particular have already pointed out, no society is possible based on this type of choice alone. They instead assumed that actors are not rational but act on norms and values that prohibit egotistical behaviour. In the ensuing theory of a normatively integrated society the problem of order disappears, since the basic presumption is that actors are already socialized not to exploit the collectivity. This theoretical dualism of rational choice theory and a sociology of norms excludes an understanding of the real processes of communication that solve problems of social order and through which a capacity for collective action is established. However, with the new systems theory we have a new framework for this debate that enables us to transcend both the action theoretical stance and Luhmann's concrete treatment of the problem of double contingency (Hagen 1999).

To the distinction between individual and collective we add the distinction between private and public, and see that collective rationality prevails in the public domain while individual rationality is private. One cannot claim in public that we should all defect on the collective interest since this cannot be the common strategy of all those addressed. Public debate is about what *we* should do, and the normative expectation is to act in a collectively rational way. However, the public may of course take into consideration that they will perhaps not do in private what they adhere to in public, and the social dilemma persists. The public must therefore not only set goals for the collectivity, but also supply the mechanism that furthers compliance with the normative expectations raised in public. In other words, only societies that solve both the problem of creating collective goals and that of implementing them can develop.

From this small theoretical detour we return again to Luhmann's main track, with our new theoretical software in mind. Only a few social systems have emerged as viable solutions to the problem of social contingency which is inherent in all communication, namely interactions, organizations and society. Interaction systems are communications that take place face-to-face, and presence promotes conformity. It is more difficult to say no to communication partners that are present in person. Organizations are systems that have individuals or other organizations as members. They consist of decisions and in particular the organization takes decisions about the performances of members. Organizations solve problems of double contingency by conditioning the rules for membership both with respect to the decision to enter the organization and maintenance of membership status (Luhmann 1997:829). If a member rejects the decision of the organization, he or she runs the risk of losing membership. Organizations may therefore motivate individuals to do actions they would not undertake by themselves, for instance to work for a salary rather than the concrete outcome of the labour process.

Society is the comprehensive social system that embraces both interactions and organizations. However, what are the particular means through which society overcomes



problems of collective action? Niklas Luhmann (1997) distinguishes among four stages in the evolution of societies: Primitive society is characterized by segmentary differentiation. The next stage in the evolution of society takes the form of a difference between centre and periphery. The centre monopolizes the economic, political, religious and other resources of society and this leads to a differentiation of strata within the centre, for instance through intermarriage. In all three cases society uses combinations of the other two systems to solve problems typical of itself. Segments such as the extended family, the village, clan or tribe are small entities that comprise few people. Everybody is both present in person and a member of society that must take into consideration that he or she can be observed by an almost omnipresent public which will punish those who defect with ostracism or death in the extreme cases, but which will also reward those who make sacrifices with the status of heroes. On the next two levels society reaches beyond face-to-face encounters. It comprises more people than can ever be present at the same time or meet with each other on a regular basis. Society has outgrown the integrating capacity of interaction, but the number of people in the centre or at the top of the social hierarchy is still fairly small. Thus they can function as the society of society and dominate society through organization and rudimentary mediated forms of money and power. The top strata extract resources as taxes and manpower from the periphery and lower strata which it uses to fight rivaling knights and kings in the competition for land. This conflict among hierarchically ordered societies whereby one or a few grow stronger and subdue the others is a propelling factor in the civilization process that leads to the nation state (Elias 1994).

Modern society sets itself off from stratified society by the fact that society should include everybody in the same way. It is no longer a hierarchical order, but one of different subsystems which are equal with respect to their function for society - they are all necessary. Every member of society becomes dependent on participation in most function systems for his personal life. Functional differentiation places all members of society on an equal footing in their relations with the systems. Without money one cannot do much, and to get money and be an able participant in the political system one needs access to education. Each subsystem should therefore be open to and include everybody.

In its inclusiveness modern society resembles primitive society in which everybody can partake in the communication of everybody else. But while this happens in primitive society just because it is an interaction system, modern society is based on mass communication. For its development modern society becomes highly dependent on the co-evolution of media of dissemination and symbolic generalizations. Media like writing, printing, radio, television and the internet draw distant and unacquainted persons into communication on a massive scale and thus makes acceptance less certain. The ensuing social contingencies are solved by a third mechanism alongside interaction and organization that makes acceptance of a communication offer more likely than rejection, namely symbolically generalized media of communication such as truth, power, money, love, etc. Media like money and power are generalizations that symbolize motives for accepting a communicative offer and thus facilitate communication. Science is one



possible solution to the contingency of experience in society where you cannot simply trust your own eyes or the reputation of the informant. It is disconnected from subjective experience and interest positions and therefore able to distinguish true experiences from false ones.

#### 4. Self-descriptions: I) The planned economy

I have now presented the modified systems theoretical vocabulary relevant to an analysis of what is typical of the socialist form of differentiation and integration, with the exception of one case. When society is observed, a distinction appears in society between society and its observation. This observation of society by society in society is what Luhmann (1997) calls self-descriptions of society. Of these there are several competing alternatives, such as capitalism, socialist society, welfare society, post-modernity, etc. Self-descriptions are not necessarily true pictures of society, but semantics, i.e. communications worthy of preservation, usually written texts that are used to perceive problems in society and suggest solutions.

Now, also these competing representations of society in society must be observed and described. This is where sociology enters the scene. But who then is the observer of sociology? Systems theory, of course - and then? There are two possible conclusions to this game of who or what is the observer of last resort, or the top of the hierarchy of knowledge. Either one follows the post-modern or relativistic approach to knowledge, and accepts that there is no method that enables us to decide among competing claims to reality, and that systems theory too is only one among many perspectives. Or, as I will, one chooses the other option that follows from an epistemologically founded constructivism within systems theory (Luhmann 1990b). To be sure, it is impossible to observe reality as it is, since the observing is a necessary intermediate between the observer and the observed. Science therefore cannot copy reality but constructs an image of it. However, that does not imply that this construction is without merit. Even if reality cannot confirm truth positively, negative feedback is attainable. One can know if one is in the wrong. To act realistically only *fit* and not match is necessary (Glaserfeld 1988). The way a society describes itself might have a significant effect on society even if it is false, or perhaps especially then. The semantics of a given society may be informed by scientific theories, but are no part and do not belong to the subsystem of science. This distinction between society, self-description and social science makes it possible to undertake a scientific study of the relationship between society and its self-description. In this case - what is the effect on modern society from its self-description being socialistic? But then first - what is the self-description of socialist society?

Not every observation of society has the potential to be elevated to the status of a self-description of society. Luhmann establishes a connection between self-descriptions and social structure. Pre-modern societies with a hierarchical structure describe stratification as a preordained order that gives people a place in society in accordance with their innate nature. The semantics of modern society is, however, one of growth, wealth, and welfare as something that follows from the differentiation of specialized

subsystems. The unity of the difference of modern society is development taken to be not only more of everything for everybody - consumer goods, education, health services, participation in culture and science, leisure time, etc, but also of the continuous improvement of these things.

For the sake of simplicity I shall be distinguishing between two basic semantics for observing functions (as the consequences of actions) in modern society: liberalism and social theory. Both observe the effects of differentiated, specialized subsystems on society. What separates the two is whether the beneficial effects of differentiation are seen as spontaneous, or if they must somehow be initiated and furthered by society. The classic case for economic liberalism would be Adam Smith's claim that free markets create wealthy nations. Consequently, the state should not interfere with the economic system, but treat it as an autonomous self-regulating system. Society could renounce moral integration, at least in the economic sphere, since the producer under conditions of competition would supply what the consumer demanded out of self-interest. The bond between subsystems and the means of including people in the different function systems would be the market, and modern society is market society.

Social theory, on the other hand, observes harmful effects of allocations by the market to society, and develops a theory of some form or other of guidance of subsystems by society to promote useful consequences, and correct and compensate for the negative ones. Socialism is the starkest of such programs. Marx and his followers believed that industrial production coordinated by the market mechanism would lead to accumulation of capital in the hands of the few to the detriment of the many. Besides being unjust, the inherent laws of capitalism were such that the full potential of society's productive forces could not be employed within the social relations of private property. Private property should therefore be replaced by public property, and the spontaneity of market forces with the rational and collective allocation of resources. The characteristic trait of socialism, it is said, is then the planned economy. Everything is connected to everything else by decision and society is structured as one vast organization (Pollack 1990). The plan relates the operations of the different function systems to each other and to the needs of the people. Everybody was included in socialist society through extensive social rights to access to the subsystems, to health care, education, work, etc.

According to this description, to understand the particularities of socialism as a form of integration we should enter into a discussion of whether it is possible to connect needs and goods through macroscopic planning. A substantial literature on socialism deals with this problem in particular, with the possibility of collecting and handling all the necessary information, the intricacies of negotiation between different levels in the planning bureaucracy, the party and the productive units (Szelenyi, Beckett and King 1994). The most important factor explaining the demise of socialism in this perspective is inferior economic performance. However, plans are prescriptions for actions but not actions, they are a particular method of producing expectations. What interests us more, are the "micro" foundations of macroscopic planning. Even with central planning, economic actors would still be able to make choices (Nove 1983, Roemer 1992). Both employees and plant managers must decide how much effort they will make to meet the

objectives set out in the plan. While the market combines information and motivation through differences in prices, these two functions are separated under socialism. We must therefore ask what are the supplementary motivating mechanisms that make a yes outcome to expectations of the plan more likely than a no. Social rights allocate collective goods which are vulnerable to sponging and therefore cannot motivate individual effort on a regular basis. The planned economy makes some use of individual rewards such as payments connected to work effort, but money and the ability to pay do not warrant access to goods which are rationed or not offered for sale but are instead made available through other channels. Also, individual negative economic sanctioning operates differently than in a market economy. In general, productive units cannot go bankrupt. All the productive units, in the end, belong to the same organization, and economic problems cannot be solved locally and do not disappear just because funding is terminated. It cannot be sociol-politically rational not to use available resources even in the case of poor performance. Something is always better than nothing, and public budgets operate under softer constraints than do private businesses that must find their resources in the market.

The leniency implied by sociol-economic rationality and total inclusion is counteracted by the harshness with which social exclusion is practised. The massive use of forced labour and all the killings spring to mind. Even if the extent to which these sanctions were applied under different socialist regimes varies, they seem to be characteristic of socialism as a form of integration.

## **5. Self-descriptions: II) Class Society**

Socialism saw itself as a scientific project based in theory. The semantics typically used for self-description under socialism is that of collected works, i.e. the works of the founding fathers or the classics of Marxism: Marx, Engels, Lenin, Stalin, Mao, Hoxha, Kim Il Sung, Castro, etc. This combining of a primitive cult of the forefathers with an early modern belief in social natural laws is in itself instructive. In these texts one can find something on almost everything, from the analysis of the circulation of capital to how to grow potatoes and management. They are, however, structured by one main distinction or code, namely that of social class.

Dialectical and historical Marxism is a theory of the struggle between the classes as the main force in social evolution. Capitalism is a society where the class of capital owners exploit the working class and directly or indirectly controls the means of repression through the state apparatus. Under socialism these positions are reversed. Also socialist society is divided into classes, and socialism describes itself as class society. The limitation of Marx' own writings was that his theory is mainly a critique of capitalism and does not give any concrete guidelines for building socialism, apart from some provisional formulations that the means of production will be socialized, and the economy run by the producers themselves.

The working class or the people, is however, not an actor or a social system. Even the labour movement could not speak and had to be represented by an organization - the

workers' or peoples' party (Lyotard 1988). That is representation, not in the democratic sense whereby the interests of the people become manifest through the political process and the majority decides in the event of conflict. Under socialism the semantics of interest is one of the *real* interests of the people as they are revealed by the Party through an analysis of the social condition. The step from single to double coding of the political subsystem is not fulfilled. The distinction between government and governed is only seemingly supplemented with that between position and opposition. There are only sham elections, since the opposition could never be elected, because in light of the prevailing class code it represents not the interests of the working class or the people, but those of the bourgeoisie.

Through its semantics, socialist society was prone to observe and handle all social problems as conflicts of class. What became operative in the actual self-reflection of society was, however, not necessarily the more or less sophisticated main text. As demonstrated by Alexandr Solzhenitsyn (1974-78), even the footnotes in Lenin's writings became instrumental to state actions against the class enemy. Exclamations like "insects" turned out to be instructions on how to treat those who opposed the revolution and even acquired the status of a quasi legal order, as basic sources for law making.

In general terms, it is always the same problem society must handle, namely the problem of social contingency perceived as the problem of collective action. How can alter be motivated to select an action that benefits society when he could benefit more from acting selfishly, and if he considers sacrificing his self-interest to the interests of society, he or she may doubt that others will in fact do their share. Through its semantics, socialist society was inclined to solve problems in building socialism by turning them into a question of the correct class attitude. It began as an observation of objective criteria of class, and with measures that removed those of the wrong or questionable social origins from the centre to the margin of society. However, problems persisted, and the socialist semantics developed reflexively. A major step is taken with the shift from objective to subjective criteria of class, from a person having a certain relation to the means of production to concrete behaviour in relation to the needs of the revolution - or society, as interpreted by the Party. All types of problems - economic, scientific, political, juridical and family problems etc. - could now be treated in the same way by means of a moralizing communication about serving either the revolution or its class enemies. This comes into view in the large number of cases against all kinds of saboteurs and defectors from the revolution from different walks of life - or subsystems. The Party could guide its own operations in the same way via a distinction between the true proletarian line and right- and left-wing deviations from it. Consequently, whole parties and hence whole socialist countries, could be overtaken by capitalist roaders. Maoist China made the split with the Soviet Union in the early 60's with reference to the prevailing revisionism in the Soviet leadership. Failures in handling failure were turned into a question of class. The code was applied to itself, and this leads to paradoxes: left was right and right was left, since both deviations in the end lead to the restoration of capitalism. To ensure the authority of the Party this possibility of the party-line contradicting itself had to be made un-observable, for instance by ritualist practices of

criticism and self-criticism in the Stalinist Central Committee (Getty 1999). The CC member accused of making a political mistake should not enter into a discussion of the facts and defend himself by perhaps claiming that he had just followed the party line in operation at that time, but perform an apology ritual that demonstrated the correct attitude of *submission* to the Party. It was the unity of the Party and its ability to rule that was at stake, and which demanded a generalized and therefore symbolic denial of self-interest.

The socialist semantics resembles that of an interaction system. It is a society that describes itself as consisting of persons whose actions are directly related to the needs of society. But a socialist nation state with some 100 million inhabitants like the Soviet Union could not actually restructure itself as face-to-face communication. In its stead it set up a comprehensive organization for the surveillance of the whole population. The secret police and its affiliates supplied the information needed to make the link between individual behaviour and the requirements of the revolution. Socialist society is, as I have already mentioned, one vast organization. Organizations communicate through decisions, and the basic decision is the decision about membership. Deviant behaviour must be sanctioned by alterations in the status of membership, and in the end exclusion from the organization. Since the boundary of the organization is also that of society, socialism is confronted with the paradox of excluding people from society, which is impossible, since society is also the border with the non social. Or more concretely, it is capitalist society. And one could of course not remunerate traitors by sending them home. The paradox is resolved by death, or one has to live with the paradox of the inclusion of the excluded, for instance as prisoners in secret labour camps. The socialist system made ample use of both the death penalty and forced labour. With a system of punishment in place it could also be used positively. Defectors who confessed to their crimes were sometimes treated more leniently, and adherence to the party line or outstanding performances demonstrating high proletarian class-consciousness (Stakhanov) could be rewarded with the status of heroism. To this were added a plethora of more profane, material goods allocated to behaviour that furthered the common good, as the Party saw it. It all added up to the so-called control economy (Reykowski 1994) where party power depended upon and varied according to the dependence of subordinates on superiors for the satisfaction of their needs (organized dependence), the capacity of superiors to obtain information about the activities of subordinates (monitoring capacity), and the capacity of superiors to punish the political behaviour or utterances of subordinates (sanctioning capacity) (Walder 1994).

What is typical of socialism as a form of integration is that it tried to realign functional differentiation with total inclusion of the individual. It was an attempt to couple individual action and the interest of the collectivity directly, demanding that the individual made the interest of society the motive for his own actions. This is a type of semantics that we find also in the other regional forms of functional differentiation. Some welfare-capitalist democracies have general conscription, and in Muslim society religion plays a large role in the operations of other sub-systems, but only under socialism is this expectation to act on behalf of society extended to nearly every realm of life.

These characteristics of socialism are not something that follows directly from its semantics. Only a limited range of social systems are available for handling social contingencies, and through its semantics socialism was inclined to select some and reject others. It relied heavily on organization, while media of symbolic generalizations remained underdeveloped. Organization implies hierarchy, and especially in large organizations the important decisions have to be made by the few, which is also the top, whose decisions are implemented by subordinates. All participate in the organization, that is society, through this system of rank. Ironically, through its self-description as class society, socialism became just that, or perhaps more appropriately, a stratified society with the nomenclature as the ruling elite.

This hierarchical social structure is the key to understanding the collapse of the system and what brought it down. It could not be changed from below, and the forces that brought it down were released by a loss of stamina at the top of the hierarchy. The higher echelons of the nomenclature of the Soviet Union were beginning to believe that they were losing out in the arms and consumer race with the West, and that socialism could not compete. They were therefore not willing to use the necessary force to curb protests and demands for reform in some Eastern Europe countries. Unable to keep the iron curtain tight, a small hole in the wall on the Hungarian border from which discontent could flow unravelled the whole social structure. Exit could no longer be controlled, and society and (party) organization split and fell apart.

## 6. The communication of discontent

Identifying its principle of integration is informative for the conclusions we should draw from the downfall of socialism. Some social scientists, such as for instance Zygmunt Bauman regard socialism, or communism, as the high point of modernity. With communism, the ghost of modernity has been exorcised. Social engineering, the principle of communal responsibility for individual fate, the duty to provide communally for single individuals, the tendency to view personal tragedies as social problems, the commandment to strive collectively for shared justice - all such moral precepts used to legitimize modern practices have been compromised beyond repair by the spectacular collapse of the communist system: No more guilty conscience. No scruples. No supra-individual commitments contaminating individual enjoyment (Bauman 1992:180).

The demise of socialism is explained by the omnipotence of the state. To assert the state's right to command and control is to assume responsibilities for the effects. The doorstep on which to lay the blame is publicly known and clearly marked, and for each and every grievance it is *the same* doorstep. The state cannot help but cumulate and condense social dissent; nor can it help turning the edge of dissent against itself. The state is the major, and sufficient, factor in forging the variety of often incompatible complaints and bids into a unified opposition - at least long enough to produce a dramatic showdown. The state that assumes the right to structure society also induces a tendency to political polarization: the conflicts that would otherwise remain diffuse and cross-cut the population in many directions tend to be subsumed under one overriding opposition between state and society (Bauman 1992:181).



Bauman draws a general conclusion from his analysis, namely that the destiny of the state under socialism is what will befall every state that takes on an extended social role. The fate of the socialist state is paralleled in the present western tendency to de-étatization of a growing number of previously state-managed areas, the most important consequence of which, from the view of political sociology, is *the privatization of dissent*. With both the global balance of social activities and the logic of the life-process split into finely-sliced and mutually autonomous functions, disaffections arising along separate task-oriented activities have no ground on which on to meet and merge. Disaffection tends to generate single-issue campaigns, and dissent is functionally dispersed and either de-politicized or politically diluted. The difference between the two systems consists “not so much in the size of the sum total of disaffection, as in the propensity of dissent in a communist system to cumulate to the point where the system is de-legitimated, and to condense into a systems-subverting force” (Bauman 1992:181-182). Socialism had to fall and its only alternative is market society. This is a description of modern society that comes close to Luhmann’s concept of functional differentiation, and his conclusion that modern society cannot represent its unity within itself.

What Bauman forgets, however, is that discontent could not be made public under socialism, and with the surveillance system in place, it could hardly be expressed in private either. I do not hold that socialism was without discontent. Discrepancies between self-description and social reality were of course noticed: that party officials were more equal than others and with the advances within mass-communication even the ordinary citizen acquired information about the capitalist environment that challenged the systems own description of socialist superiority. Individuals could *think* badly of the state and the Party, but when one cannot speak, thinking remains not only solitary but cannot develop very far, except for rare cases where the isolated oppositional turns to writing and communicates with himself through a text. The dissident was a lonesome figure and general discontent remained latent.

Neither voice nor exit were viable alternatives, only loyalty remained which was staged by the Party through mass-performances as parades where the people from the different functional domains could demonstrate both their contribution to society - i.e. as workers, peasants, scientists, cultural workers, etc., and their support for the party line. Publicly expressed opposition on a mass scale was to be found only when the top of the hierarchy was turning soft due to self-doubt, and could no longer believe in its own recipe for handling social problems as a question of a lack of proletarian class-consciousness.

The conclusion of our analysis is different from that of Bauman, namely that socialism is not an instance of high modernity, but a society whose mode of social integration is a mix of modern and pre-modern forms. Through organization it tries to achieve an inter-penetration of person and society typical of interaction systems. Societal communication demands that individuals should be directly motivated in their actions by the interests of society. Actions are tightly coupled to the needs of society and in the same vein subsystems of society could not be fully autonomous because their performances would be too closely observed by the state. Subsystems could not be



distinguished from society, and this interfered with the progress of both. The internal complexity of the subsystem would not be very high since the system should always enable control by the environment. When society could not properly distinguish the subsystem from itself, it could not assess its performances in relation to other systems. In other words, functional differentiation could not develop very far. It lacks that which is the distinguishing trait of modernity, namely the mediation of the relation between society and action, or the mediation of the communication of dissent by solidarity. Not too much but too little public dissent is what fails socialism as a form of the societal integration of function systems.

## 7. Solidarity and civil society

Bauman's evaluation is typical of a tradition within the social sciences, inspired by Marxism, that works with a distinction whereby socialism is the alternative to capitalism. But as I have mentioned above, socialism is only the strongest of several programs for the social allocation of resources. The planned economy is not the only alternative to the market. In Western welfare-capitalist economies, between approximately one third and one half of GNP is allocated by the state. A subsystem may acquire the resources necessary for its operations either through the market or from the state. These are very different economic processes. An organization, a car factory, a hospital or a research institute may sell cars, health or research results on the market to get the money to buy what it needs. The relation between seller and buyer is that of an exchange in which the two parties assess available alternatives and select the most favourable ones. There is no consideration on any side of the transaction of the consequences for society. Money only mediates discontent as exit, and when the customer walks elsewhere the rational producer can only blame himself. Dissent is a private matter.

However, when an organization asks for resources from the state it must address the needs of society. The organization must show how the system contributes to the performance of other subsystems and solves problems for society. The distinction between function and performance is drawn and a new social system emerges. This form of allocation is sometimes called the negotiated economy, but I will use the term *public economy* to indicate that, in contrast to private allocations in the market, allocations made by a democratic state are open to public scrutiny. This is the social system for the self-observation of society as functionally differentiated. From this vantage point an observer will see society as consisting of subsystems that fulfill tasks essential to a modern society, and can appreciate both their autonomy and interdependence. For instance, for science to produce the research results needed by other systems, the system of science must be unbiased by politics, religion, popular prejudice and perhaps private economic concerns. Consequently, money should be allocated from the state to subsystems that through their performances fulfill tasks that are essential to a modern society.

The voicing of discontent plays a decisive role in the economic process of public allocations. Societal needs are not pre-given entities but arise as the result of the observation of imbalances among self-generating subsystems. Every system is in

principle unbounded in the application of its own code; science in its quest for truth, the law for justice, education for teaching, etc. There is therefore in principle no limit to the resources a subsystem could use and hence claims made on the public purse. But the claims of one system must be adjusted to those from the others, and all of them must fit in with the public budget and finally with the voters' readiness to pay taxes.

Why should voters' be willing to pay the bill for the development and expansion of the different function systems? This is the basic question that must be answered, and the only valid argument is because it benefits the people. This relationship between function systems and members of society through the welfare state, where citizens pay taxes and receive welfare goods, is often perceived as an exchange, as a public market where one has to give to get. But this account overlooks the fact that while the market allocates individual goods, the welfare state typically distribute collective goods, and collective goods are open to sponging and thus raise the problem of collective action: Why should an individual sacrifice his self-interest to that of society? A society that observes itself through public discussion solves this conflict between individual and collective rationality differently than does socialism. Actions are not related directly to the needs of society but mediated by money, solidarity and power.

Members of society seldom have to act on the needs of society; one just has to pay taxes. And why should a person be willing to sacrifice individual opportunities for action and pay his taxes? Because he or she should contribute to the production of collective goods to which he or she will have access as a member of society. Solidarity solves social dilemmas by presenting the conflict of individual and collective rationality as a unity (Hagen 2000). Thus solidarity makes acceptance of a communication more likely since it expresses a logic that cannot be denied in public. A spokesperson of a subsystem cannot just say that he wants what the system needs and another representing popular interest cannot just express discontent. Both sides must participate in a discussion on what society needs and what it can afford. Through the public debate interdependencies are recognized and adjusted to each other and thereby put a limit on the expression of discontent, which also guides system operations in accordance with the needs of society. In this sense autonomy *and* governance of subsystems are possible. Social dilemma, however, remain in private, and the medium of solidarity therefore has to be supported by power that sanctions individual deviations negatively. And power refers back to the public as a collective good: Whether one pays taxes or not is not a private but a public choice.

This concept of solidarity as a medium should be combined with another idea that at first glance seems difficult to align with a systems theoretical approach, namely that of *civil society*. To Luhmann this concept belongs to the semantics of old Europa, and its revival today expresses a naive longing for a society without large organizations, i.e. society as an interaction system. As such the concept of civil society refers back to Marxism before socialism, namely when one could still believe in the governance of society by the people, unmediated by the state. It is therefore not without a certain irony that it is maintained that what socialism lacked, and what the former socialist countries should develop today, is a civil society. The popularity of the concept perhaps should

be taken not as nostalgia but as an indication of a real need for society to have another alternative to the state than the market. Or stated differently, a situation where discontent with both state and market can be expressed. Civil should be read not in opposition to military, as its original meaning was, but as *non-state*, a point in society from which to observe both state and society. There is no longer any doubt that the citizens can lay down their arms and still be free and respected members of society. The concern today is more whether they can free themselves from self-interest, i.e. the perspective of a single activity or a subsystem. But public debate in modern society is not just a sum of different perspectives; each individual has a position in several systems. Modern man is what Ernst Gellner (1994) calls modular man, used to shifting between roles and functions in different systems. He or she therefore cannot identify with any single perspective but must combine them. To fit into society modern man must be modular man and must therefore have access to all or most of the function systems. Civil society as the self-observation of society through the individual relates the performances of different systems to the needs of modern man as belonging to a functionally differentiated society.

## 8. Negative and positive integration

I began this article by questioning the systems theoretical approach to the unity of modern society. The conclusion of our discussion is that Luhmann's statement that modern society cannot represent its unity within itself because this contradicts the principle of functional differentiation is both unlogical and empirically false. Quite the contrary: The observation of the differentiation of subsystems as functional (or dysfunctional) is the principle of unity that is typical of modern society. The only choice is either to observe the interdependence among subsystems as *negative* or *positive* integration. Negative integration means that the operations of one subsystem are adversely affected by failing performances in another, for instance that industrial development is hampered because it cannot find the type of educated labour that is needed, and so the affected system must adjust.

What is of particular interest, however, are the mechanisms by which one system is able to influence a system in its environment. There are then two main alternatives. Performances of one system are coupled to another through the market. Luhmann (1997) asserts that the market is the most important mechanism for dynamic integration of subsystems in modern society. This could be taken as an indication of a liberalistic bent in the new systems theory (Zolo 1992). To decide whether this is so sociology must first work out in more detail the concepts needed to investigate empirically the societal forms of positive integration available to modern society. The new systems theory may be a useful means in this endeavour, as I have tried to show. What seems to be the case, however, is that systems theory, as it is, is too much a theory of experience and not sufficiently advanced as a theory of action. Our conclusion so far is that the failure of socialism should not be taken as a general argument against the public allocation of collective goods in modern society. There are modern alternatives to it, but whether something like solidarity on the level of world society can evolve remains to be seen.

## Notes

1. "Schließlich war und blieb die Weltgesellschaft, in der all dies innerhalb territorialer Grenzen stattfinden sollte, ein funktional differenziertes System, das seine eigene Leistungsfähigkeit der Autonomie von Funktionssystemen verdankt und mit keiner Art von Zentralsteuerung zu kombinieren ist. Das gilt vor allem für das Kreditsystem der internationalen Finanzwirtschaft, das eine gewisse Beweglichkeit in der Wahl von Zeitpunkten für Investitionen und Konsum garantieren kann...Es gilt aber natürlich auch für die internationale Politik, für wissenschaftliche Forschung und nicht zuletzt für alles das, was intellektuell interessiert. Das Bestehen auf organisatorisch kontrollierten, regionalen Autonomien ist damit schlechterdings nicht kompatibel. Der Versuch, dieser Art Modernisierung in der modernen Gesellschaft einzuführen, mußte mit Stagnation, mit der Verbrauch letzter Machtressourcen, mit schwindender Akzeptanz und schließlich mit dem Zusammenbruch dieses 'Systems' bezahlt werden. Daß man sich in westlichen Kreisen unter Verzicht auf Revolution auf verständigungsorientierte 'Diskurse' zurückzogen, kann aus soziologischer Sicht Wohl kaum als gesellschaftspolitische Alternative gewertet werden" (Luhmann 1997:1084–1085).
2. "Während im Falle der Stratifikation jedes Teilsystem sich selbst durch ein Rangdifferenz zu anderen bestimmen mußte und nur so zu einer eigenen Identität gelangen konnte, bestimmt im Falle funktionaler Differenzierung jedes Funktionssystem die eigene Identität selbst" (Luhmann 1997a:745).
3. "Vielmehr rekonstruiert *jedes* Teilsystem das umfassende System, dem es angehört und das es mitvollzieht, durch eine *eigene* (teilsystemspezifische) *Differenz von System und Umwelt* (Luhmann 1977:598). Even if this does not, according to Luhmann mean, that there are many societies, one for each function system

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