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Creative Destruction: State Cultures and Abductive Logic

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in honor of Laura Nader

I see many friends and it's a delight to be with you.

Laura Nader is an American original. What does that mean? She has developed and used her anthropological imagination to go against the grain, to remind American society and the world at large not to take for granted its conventional wisdom, to challenge at every opportunity our received categories, to remind us that we are alive, and that our function as human beings is to relate, to question, to debate in order to reach a consensus.

She embodies the best of John Dewey's tradition, Margaret Mead's activism, and Franz Boas' relentless critique of received categories. So, first and foremost, she is a citizen who takes citizenship seriously, who has never accepted the division between objectivity and advocacy. The separation of the University from life is the price that American universities pay in order to get technical knowledge. This is not something that Professor Nader has ever accepted. Because of it, her citizenship is active and continuous. She is a scholar who wields the pen much more mightily than the sword, and as a scholar, she has questioned received wisdom.

I had the fortune to read everything Laura wrote until 1992, and to speak to her for three days. One of those pieces in particular is interesting. When she critiqued the nuclear industry by saying that an accident could happen, she was dismissed outright by her physicist colleagues; they said, *It isn't in the design—you don't understand, Laura*. Then Three Mile Island came, and everyone asked: How did you know? Because, she said, design is made by people; people are not made by design. This means that management is not only structural; it is people, processes and human beings. She has used anthropology to question the engagement and the received wisdom of others. She has not accepted to be Marxist or Foucauldian; she has re-premised all of these giants and some not-so-large ones on the plane of anthropological comparative understanding.

Her commitment to teaching, which we are celebrating tonight, has been remarkable. The fifty years of teaching has left many of us richer, both with a deeper understanding and with the sense that we must give. Here I must emphasize that she has been one of the few who has encouraged undergraduate students to publish and co-publish with her. While undergraduate students were being treated as in need of a

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babysitter, she treated them as full citizens and encouraged them to carry out research that has been groundbreaking. A lot of work has come from those students.

And then, of course, there is her humor. When I first met Laura, someone had the misfortune of telling her “You’re Ralph Nader’s sister.” She turned immediately and replied “No, he’s my brother.” Yes, Ralph, I got her permission [to tell this story]. And of course, there was Mrs. Nader, her remarkable mother. Each time the Nader family went to the movies, they went as a family, and each time a scene came that Mrs. Nader did not approve of, she said “Down,” and all of them put their heads down. I think the only person who has every managed to censor Laura has been Mrs. Nader. Other than that, she has been the authority.

Let us consider several moments in the recent years. The first scene is 2006. What do the ministers of finance of the world say in 2006? I read about 200 budget speeches recently, on cold nights in Afghanistan. I did what Laura wanted me to do first, to study the rest of the world from the angle that reveals it. And so cold nights in Afghanistan became very interesting in this regard. Gordon Brown said that, thanks to his policies and those of the rest of the world, the cycles of boom and bust were over. That was the 2006 consensus, and I can quote you 200 finance ministers of the time. Why is this important? Because the world convinced itself that we did not need to examine the underlying structural causes that would produce the crisis. That is the power of received wisdom. The social construct that is the consensus of the moment gets to be translated into an ideology and a dogma.

The second scene: this is Alan Greenspan’s conspiracy that you don’t hear. This is a very revealing incident. When [Henry] Waxman was questioning Alan Greenspan, he said “So, Mr. Greenspan, you have reached the conclusion that your ideology is no longer working.” Greenspan replies “Precisely. For 40 years it was explaining the world, and now it has stopped functioning—it no longer explains the world.” What was that ideology? That the market knew best; there could not be market failure.

The third scene was in 2009. One word dominated my office in 2009. For god’s sake, we need the government. We need the government. The government must intervene, because without the government the crisis cannot be solved. Across the board, all the captains of industry, all the billionaires: “We are incapable; we are in hot water.”

Then we shift to my office in 2010. The nature of intervention must be discussed with us, and that reminds us exactly what happened to us during the New Deal. At first the state is required to intervene to save a failed market, but once there is the slightest bit of stability, the dialogue shifts. To say: *now, which piece of the pie is controlled by whom?*

What does this tell us as an agenda of research and as part of an engagement of citizenship? We must shift from thinking in one dimension about time to thinking in three dimensions about time: the future, the present, and the future in the past. The person who captured it best in terms of poetic imagination was T.S. Eliot, and in terms of logic it was Charles Sanders Peirce. A woman passed me by just as I came to speak and said that she actually searched Wikipedia to see whether I had made up the word *abduction*. It does not come from abducting, which has been my family business in Afghanistan for centuries. I’ll explain in a moment. Time-present and time-past are both perhaps present in time-future, and time-future contained in time-past. What might have

been and what has been point to one end, which is always present without elimination; both are renewed in the old, made explicit, understood. Our disciplines, particularly those that become statistical, logical, and more empirical, deliberately ignore the future as a break from the present. They assume a simple model of reproduction wherein the present is the continuation of the past and therefore the future is a projection of the present. What T.S. Eliot brings to the fore is that part that could have been and has not been. Could you imagine if Ralph Nader were president of the United States instead of George Bush? That's the type of possibility that we are talking about. The current present was not the only present possible. And the future of tomorrow is not only the future of those who are in positions of dominance, or those who preach.

We must take different futures as possible, and here is where Peirce comes in. Abduction is the type of logic that requires a leap of faith to first imagine a future, because the future cannot be tested. It is the formation of a hypothesis regarding the premises, one that is arrived at socially. We are not one-dimensional beings. We operate within three dimensions: the past, the present, and the future. Marcuse's lament on one-dimensional men is overdue. That's not the way we operate.

Crises are extremely important because they allow us a litmus test. So, what do crises provide? They provide open moments where the dominance of structural thinking gives way to agency, to human imagination, and to the possibility of imagining different futures. From 2008 to today has been exactly such an open moment, because we have had a rupture of understanding with the past. The next ten years in the OECD [Organization for Economic Cooperation and Development] countries are going to be the most difficult ten years since the great depression. During such a time, all that we have received must be re-questioned, rephrased, and re-fought over. In such moments foundational assumptions become explicit, and more importantly, they become subject to social discussion. The very divisions of citizens are revealing of the possibility of different futures. Market failure forces back the question that Adam Ferguson first raised, and then was used by Hayek and Greenspan, that the market is of human making, but not of human design. The market must now become of human design. The failure of the market cannot be left to the market to fix, because the price has been assumed by the citizens and by their government. When the market fails, the state is asked to pick it up, but when citizens fail, who picks them up? That's the moral question. And the answer to that is going to determine the question of our approach to the future.

So, why the citizen, and what is it that we need to think about? Long ago, I think here, maybe with Stanley [Brandes] and Nelson [Graburn], we had a discussion—people were saying the state is very difficult to study. My argument continuously has been that the state is extremely easy to study, because the state registers in the actions of the citizens. The state should not be studied top-down; the state should be studied bottom-up. The first category here is the legal status of the citizens. How is citizenship conceived of from a legal perspective? I will come to explain the culture of the state in a bit more detail, but the first issue is that citizenship is a field of battle; it has been and will remain so.

Today this is more important than ever, because the social contract of the last 60 years can no longer be taken for granted. That is what is at stake at this moment. How will the new social contract be negotiated and what will be its shape? Citizenship

assumes both obligations and rights. The obligations of citizenship are who pays for it, and how it is paid for, but also who makes the decisions and how decisions are arrived at. Laura's engagement with law has been a pioneering effort in this. To see law not as a field of fetishism, but as a field of contestation, as a field where different possibilities of boundaries of what is permitted are arrived at.

One of the best recent books explaining the market failure speaks of something that Laura has taught for years: the rules of the game. Who defines the rules, who interprets them, who enforces them? This book is called *Fixing the Game* [by Roger Martin] and it compares the NFL to the stock market. The NFL's success has been due to the fact that the game is continuously tweaked by referees so that the audience can enjoy it, as no side gets an unfair advantage. Within the stock market, the compensation of the executives—something that Ralph Nader has focused on for decades—has twisted the game fundamentally to create two markets, an expectations market and a real market. The expectations market determines the field of action of the executives. In order to make billions for themselves, they impoverish millions of people. Because of this, the rules of the game are fundamental to understand, and the positioning of the citizens within these rules becomes the avenue of approaching the state. Because that's the register of daily life.

What about state cultures? You know, we've inherited Weber, and he has dominated us the wrong way. Dewey offered a much better vision of the state, because Dewey's vision of the state was that the state does what the community wants it to do. It's not monochromatic; it's not a single functional entity. One perspective that we must study and look at in detail—a perspective that is the core struggle today over the definition of states—is: what functions must the state perform, and where does it perform those functions? When I wrote about state functions and said that market regulation was one of the key functions (this was before the crisis) everyone was saying "He's looking at the past." And since 2008 we have talked about nothing but state market regulation. This multi-functionality of the state is the first point of departure, and that gives us the first approximation of the culture of the state.

The second approximation is state structure: what position structurally does it occupy? But the third thing is state culture as a distinctive way of behavior, approach, and mentality. It is about agency. Agency and structure in the academy have been in tension. Today's moment requires that we bring synergy to function, structure, culture, and leadership. We cannot pulverize these because different disciplines study them. We need to bring them to a field of unity. And that's how we would be able to understand what Laura has been preaching for years: controlled comparisons, to look at both similarities and differences. The search for one theory of the state that all states must fulfill gets us to a minimalist definition. A state based on legitimate use of force alone is not going to be sufficient. That is not the state of the 21st century. That was the state during the Bavarian revolt, which Weber discussed, but we must get to a richer discussion.

Here, I want to take just the litmus test. Something that is very boring, but I learned it from Weber. When I read Weber on Islam, I said "I don't understand Islam, but he certainly doesn't." And then that became a study of 30 years of Islam to be able to understand it. But I did learn one thing from Weber that has stayed with me and ultimately made me accept that very unfortunate job that was Minister of Finance in Af-

ghanistan. [...] This is the budget. What Weber emphasized is that if one wants to see, one should trace the money. And tracing the money has been a preoccupation since my undergraduate days when I read Weber, because the fundamental lesson of sociology of religion is that those who do not work must secure the resources from those who work to allow them not to work. The budget here becomes an arena.

Now let me shift to budgets. This is based again on the study of over 200 budget speeches from 2006 to now, and work in about 60 countries around the world. First is that the rules of the game formally are one thing substantively: they are predatory and fragmented. There are at least 60 countries around the world, possibly 100, where the formal systems are designed for stealing, for predatory behavior. And this is where differentiation comes. The second area, which was really the turn of the 19th century shifts, is predictability and control. This is Weber's bureaucratic man. The way Marx describes the alienation of the worker from the means of production, Weber describes the alienation of the administrator from the means of administration. So it becomes a functionary. Controlled systems become the end. Results are not the issue, it is compliance. That is, law as restriction in state culture as minimalist. The third shift is towards program and functional focus. It is here that delivery of programs becomes the critical issue. Fourth is performance and state level integration. One of the most significant challenges that we face today is state fragmentation itself between functions. The most difficult transitions are from one to two and from three to four. Why? Because programs become prerogatives of ministries and, particularly in coalition politics, of political parties.

Europe now faces the major problem of not moving from program to integrated level state. The issues of our time require much more holistic perspective. Two examples: how do you deal with SARS, or how do you deal with aging? You cannot create a ministry of aging in a population where either 60 percent of the population is under twenty or 50 percent is going to be over 60. Because the previous approach during the third type of accountability is to create a function around a need that has arisen. But coordination in itself becomes the large problem. It is this problem of coordination that very few governments are able to tackle.

Let me just pick some examples to ground this empirically. The thing that might surprise people most is that it is extremely difficult to spend money by a government. Most governments have enormous difficulty spending money. Today, I give you just three examples: Botswana, Spain, and The United States of America. The US has had enormous difficulty spending their stimulus package, in terms of results; Spain is the same way, as is Botswana. Why in the United States? Because of gridlock, and because a lot of the government functionaries are incapable of moving rapidly. Spain focused on the large industries whereas the dynamic was in small and medium [industries]. So, it needs to be understood that part of the reason again for not overcoming the crisis is precisely the lack of capability to move rapidly.

Bringing it from a controlled comparison perspective, look at the contrast. Canada, within 76 days, spent 87 percent of its stimulus package. Over 6,000 projects moved from conception to implementation within 100 days. And who did they borrow the 100 day concept from? From Roosevelt. How did they do it? They changed all their budget procedures so routine was overcome. Things that would have taken one year to

reach agreement on were done in one month. The right coalitions were built. Canada is the first OECD country to come out of the financial crisis. Singapore did one better, but then, of course, they are distinctive. They actually paid back everything that they borrowed from their future fund. Within a year, all that they had planned was implemented and they went from four percent negative growth to over ten percent, double digit positive growth. And this of course raises the question that state is not just structure, it is agency. Leadership matters. Understanding matters. The types of coalitions and the types of relationships matter.

State theory has been fixated upon structure: "It cannot be done because it is structurally impossible to do it." That is paralysis by analysis. The point that comes repeatedly, of course, is back to the budget. When you are dealing with money, no matter how large it is, it is finally finite. So it becomes a very good indicator, allowing one to study the struggles both over distribution and over re-distribution. The state distributes through rules of the game, it re-distributes through the functions that it chooses to perform or not to perform, and that's where the markers of opportunity come. We are able to deal with this in a sustained analytic way as well as through proper engagement.

Now, to abduction. Peirce's major contribution (now he's been acknowledged to be the founder of pragmatism) is that perception's first contribution is socially conditioned. It is a product of the social struggle and boundaries of social consensus. As a student and interlocutor of Morgan, a universe of discourse (the category that Bourdieu has used only part of) is both a universe of agreement and a universe of disagreement. Doxa does not exist socially, social consensus is time-bound and changes. Because of it, if we are going to move from the present to the future, we cannot test our hypotheses in the normal way. Peirce changes the logic: abduction, which is formation of hypotheses for the future, comes first. Then, induction and deduction, which are bases for the use of those tests. The entire mechanism connects socially.

This is where our roles in a community—in a scholarly place or in a university—connect back to social responsibility. The University has had a major contribution to the current financial crisis, particularly through the Chicago school of business. There's a wonderful book that has just come up [by Justin Fox] called *The Myth of the Rational Market*. It provides an overview of the key academic discussions where the market always knows best. What is most interesting is that the founders of this discourse had reached fully, before the crisis, the understanding that the market actually was not fully rational. But very few of them actually were able to make any money from the market. So, those who analyzed it actually can't practice it. An entire generation has grown, several generations (actually three generations) have grown in the belief of the perfectibility of the market. That meant subordination of governance, of state policy, and of citizenry to the will of the market.

But, in today's construct again we cannot have the market just define us. The market is not, as this crisis has shown, just of human making. When its failure comes it becomes very much one of human design. It depends who has a seat at the table, and who determines the new round of the rules of the game. And it's here that universities come again into play. When the market needs regulation, who do they reach for? Ralph Nader has repeatedly pointed out those very people who are responsible for the market failure. The open door is that they are the only ones who have experience with the fail-

ure, so they have to ask them to fix it. But, the ground of training at the university and its engagement, I think, requires a serious reexamination so we can connect again.

Let me conclude with Laura's and my mentor. Margaret Mead said "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has." Thank you.

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