

## **CHAPTER 15**

### **CLASS IN STATIST SOCIAL FORMATIONS**

If the concept of social class only makes sense from a historical perspective, as we just saw in last chapter, this means that the dichotomic social class structure existing in classical or competitive capitalism, as defined by Marx, is different from the one in contemporary or technobureaucratic capitalism. The class structure of classical capitalism was based on the existence of two classes specific to capitalism - the bourgeoisie and the working class - and of a residual class - the landowners or the old aristocracy. In technobureaucratic capitalism, the landowners are mixed with the rentier bourgeoisie. More important than that, however, is the appearance of a new middle class - the technobureaucratic class - that blurs the clear cut distinction between capitalists and workers.

In order to understand this, in this chapter I will discuss the class structure of the technobureaucratic mode of production. I will suggest that in statism the distinction among social classes is gradual rather than dichotomic. Given that contemporary capitalism is a mixed social formation in which capitalism is dominant but statism or technobureaucratism is already present, this type of analysis will serve as a theoretical tool for understanding the social classes in technobureaucratic capitalism.

#### **1. Social Mobility and Class Structure**

The class structure in pre-capitalist modes of production was not only characterized by strong political and religious elements, but also by extremely limited social mobility. In the caste system - a rigid status group system to the nth degree - there is no social mobility, not even from generation to generation. Caste is hereditary. Although mobility was possible in other pre-capitalist social stratification systems, it existed only to a limited extent, given the political and religious definition.

Mobility increases considerably with capitalism. Social classes lose many of their ideological trappings to take on an explicitly economic nature. Legal obstacles to social mobility disappear and ideological obstacles are substantially weakened. This in fact becomes one of the escape valves par excellence for reducing the social conflict that has tended to deepen in capitalism with the increase in the political organization of workers. Yet social mobility is far from complete. Private ownership of capital passed from father to son continues to be

a decisive barrier. Mobility - "the American dream"<sup>68</sup> - is rather an ideology than a reality. The relative degree of social mobility attained under capitalism thus becomes the main ideological instrument for legitimizing the existing class structure. "Widespread" or "increasing" social mobility are expressions utilized as an implicit alternative to the classless society of socialism.<sup>69</sup>

With the emergence of statism in the Soviet Union, two movements in opposite directions take place. On one hand, we see that classes again lose their clear-cut economic character, while on the other, mobility increases. The two classes of the state mode of production are the technobureaucracy and the working class. However, there is no sharp distinction between these classes. The technobureaucratic or statist society tends to be organized in a hierarchical social continuum. The official ideology of contemporary statist social formations condemns any distinction based on class in the name of the socialism it claims to represent. In addition to this, the foundation of the social structure is no longer private but rather a form of collective property owned or controlled by technobureaucrats. Technobureaucratic ownership is far less direct and secure than capitalist ownership. Consequently we see less distinction between classes and greater social mobility.

The distinctions between the technobureaucracy and the working class remain clear, to the extent that the former have control over the organization, particularly over the state apparatus, while the latter do not, and to the extent that technobureaucrats enjoy the power and privilege that form part and parcel of their ownership of the state bureaucratic organization. Nevertheless, statism tends to be more egalitarian and present greater social mobility than its capitalist counterparts. In the Soviet Union, China, Cuba, Vietnam and the countries of Eastern Europe, the situation is basically the same. Differences in income are always quite small, with the highest occupations paying no more than five times more than the lowest. The exceptions which exceed this limit only serve to

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<sup>68</sup> For example, William Lloyd Warner, one of the most notable functionalist sociologists writes: "The American story both dream and reality, is essentially that of a great democracy trying to remain or become democratic and equalitarian while solving the problems of unifying vast populations and diverse enterprises." (1953: vii).

<sup>69</sup> The question of social mobility is dealt with extensively in *Empresários e Administradores no Brasil* (1974). However I neglected to analyze the ideological nature of social mobility, probably because I was influenced myself by the dominant ideology.

confirm the rule.<sup>70</sup> Social inequality is considerably less than in capitalist countries, with the exception of certain countries such as Austria or the Scandinavian nations where social-democratic parties are or have been in power for long with substantial union support. Social equality (in terms of disposable income rather than wealth) in these countries is comparable to that in statist social formations if we exclude the earnings of the top-level bourgeoisie. However, in statism there is always a group of upper level technobureaucrats who exercise authoritarian power and enjoy privileges.

Thus in the technobureaucratic mode of production, the class structure exists, but it underwent profound changes. Classes lost their clear-cut economic nature. Instead of ideology being used to reinforce and deepen class distinctions, as in pre-capitalist and even in the capitalist mode of production, it makes these distinctions more difficult, given its socialist origin. That being the case, material differences in terms of standard of living are reduced. The result is not an egalitarian society, but one which is considerably more so than in average capitalist social formations. At the same time, social mobility increases, though not much, since the relative degree of equality discourages mobility.

## **2. Class Structure Derived From Power**

First glance, the distinction between manual labor and intellectual labor differentiates the two classes in statism. Technobureaucrats are engaged in intellectual work, being managers, technicians, public officials, clergy, office clerks, teachers, judges, or security agents. Their counterparts are the workers: production line workers, rural workers, service workers. Yet even this distinction is only relative as the distinction between intellectual and manual labor becomes more and more relative. Specialized production workers are becoming increasingly more like technicians. Office clerks perform many routine tasks similar to manual activity. Also, in statist countries, as in some capitalist countries, manual laborers often earn more than office clerks. Actually, in the statist social formations production workers often receive wages equal to or higher than those earned by technicians with college degrees and several years of experience.

Therefore, in order to distinguish workers from technobureaucrats in a society with these characteristics, the role that each individual plays in the

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<sup>70</sup> The deep crisis of some highly indebted Eastern European countries during the 1980s, particularly of Poland and Hungary, led to a sharp increase in income concentration.

relations of production becomes more important than the distinction between intellectual and manual labor. That is to say, who has control over the organization and who does not, who coordinates production and who actually carries it out.

The criterion used to answer these questions is power. Organizational property belongs to those who control the bureaucratic organizations, especially the most far-reaching bureaucratic organization of all - the state. Thus it follows that in statist society, technobureaucrats are those who participate in the bureaucratic organizations' decision-making processes, performing coordinating functions. A self-managed society would be a socialist society precisely because all members would participate in its decision-making. This is obviously not what occurs in statist society. Only a minority are involved in planning, organizing and coordinating. Only a minority make decisions or are consulted directly or indirectly. This minority is made up of technobureaucrats; the rest are workers.

Consequently, the class structure of statist or technobureaucratic society is based on power, which becomes an essential element in the relations of production. With capitalism, power derives from the ownership of capital and, in the final analysis, those who have power are those who are rich. The relation of production is capital; one of its outcomes, though not necessarily in perfect correlation, is power. In statism, the collective ownership of the bureaucratic organization is what determines power and control over the productive process. Actually, while in capitalism capital may be correlated with but cannot be identified with power, in statism organization and power are practically the same.

In capitalism, there is a clear distinction between economic power and political power, though the latter tends to derive from the former. This distinction often makes the correlation between the two an uncertain one. In statism, however, political power and economic power are difficult to separate. Political power does not derive from economic power, nor does the latter depend upon the former. Strictly speaking, there is no longer a distinction between the two; power is economic and political at the same time. The new dominant relation of production - organization - is a direct relation of power. The economic and the political are necessarily intertwined. If not, the administration flounders.

Weberian sociologists' concern with power as the basis for class structure begins to make more sense in this light. Yet they apply a theory to capitalism which is not appropriate to this mode of production, but rather to statism. This can be explained by the fact that these sociologists are not seeking to describe a purely capitalist society, but rather contemporary capitalist formations which

already show strong traces of the state mode of production. An extensive technobureaucratic class already exists in technobureaucratic capitalism, a mixed social formations where this class is already defined in terms of power rather than in economic terms.

### **3. Gradualism and the Functionalist Approach**

It is important to point out that power and prestige in statist social formations are not derived from direct ownership of the means of production, but rather from position in the organizational hierarchy. Technobureaucratic property is collective. In order for it to be transformed in terms of the effective fruition of goods, it must be mediated by the position occupied by the technobureaucrat in the organizational hierarchy. Power then becomes intertwined with position in the hierarchical organization or is derived from it. The greater the power (and the scale) of the organization itself, and the higher the technobureaucrat's position in the organizational hierarchy, the greater his personal power will be. This power will be the source of access to materials goods and not vice-versa, as occurs in capitalism, where it is direct ownership of capital which determines social position.

### **3. A Gradual Class System**

It is important to point out that the vision we are presenting statist's class structure tends to be somewhat gradual, somewhat similar to that described by functionalist sociologists. In fact, it is rather difficult to imagine a dichotomic structure such as the one existing in classical capitalism where there are only capitalists and workers, owners and non-owners of the means of production. There is no middle term in classical or competitive capitalism; one either is or is not a capitalist. Clearly it is possible to be a capitalist on a small, moderate or large scale, just as it is possible to perform unskilled, semi-skilled or skilled labor. These criteria establish strata within each class. Yet the distinction between the classes remains clear-cut. In statism, however, where class is based on a relation of production which is a direct relation of power at the same time, organizational ownership is intrinsically a question of degree. The class definition of each person depends on his or her individual position in the organizational hierarchy. As a consequence, the distinction between the classes becomes far less rigid. Whereas we continue to speak of two classes, the grey area between them increases considerably.

While basically incorrect for an analysis of capitalism because it ignores or obscures relations of production, the question of degree in class structure presented by the functionalists is quite reasonable when we examine statism. We can better understand the theories of class based on relations of power if we note that they were developed within the context of a mixed social formation - technobureaucratic capitalism - where the technobureaucratic class already plays a significant role. Nevertheless, these theories do not constitute alternatives to Marxist class theory. Their inadequate analysis of the economic aspect in the definition of social classes as well as their insufficient emphasis on the political conflict inherent in antagonistic relations of production, results in a static description of society.

Bahro follows the same line of reasoning about the usefulness of the functionalist, stratification approach, for the understanding the Soviet prototype of social formation:

"Our social structure - and this is why stratification models are a far more appropriate description in our own case - is precisely the subjective mode of existence of the modern production forces". (1978: 163)

#### **4. The Level of Economic Egalitarianism**

Actually, the level of economic egalitarianism existing in Soviet Union is probably similar or higher than in the more developed social democrat countries as Sweden and Austria, while the level of political egalitarianism is much smaller. The economic differences between operative workers and the majority of intellectual workers are very small. Since educational costs are assumed by the state, it is not considered an additional expense for an individual to continue in his studies. For this reason, university entrance exams continue to be highly competitive. Wages of operative workers and salaries of middle level technobureaucrats do not differ very much. Technobureaucrats have opportunities for a greater social mobility, but the mobility of workers is higher than in capitalist countries. A good measure for that is the percentage of university students with working class origin (Horvat, 1982). Technobureaucrats in statist social formations are able to secure a higher income and much more power than workers. But the differences in terms of income are smaller than in capitalist countries.

Based on data collected by S. Jain for the World Bank, Branko Horvat, who is very critical of the statist regimes, concludes that "etatist societies have become more egalitarian" (1982: 51). Jain's data are summarized in Table 15.1.

Both the Gini coefficient and the percentage share of top 5 per cent in income show clearly that income is more evenly distributed in the statist countries.

Table 15.1 Distribution of Income in Capitalist and Statist Countries

	Gini coef. (median)	% Share of top 5%
Statist countries (a)	0.21	10.9
Welfare countries (b)	0.36	15.1
Advanced capit. countr. (c)	0.40	17.4

Source: J. Nain, *Size Distribution of Income*. Washington: World Bank, 1975.

a - Including: Czechoslovakia, Hungary, Poland, Bulgaria and German Democratic Republic.

b - Including: Sweden, Denmark, Norway, New Zealand, United Kingdom, Finland, Israel.

c - Including: United States, Canada, France, Australia, Netherlands and Federal Republic of Germany.

The economic privileges obtained by this class are small in comparison with those of the upper bourgeoisie in the capitalist countries and also with the upper technobureaucracy in these countries. As the upper technobureaucracy helps or replaces the bourgeoisie in managing the businesses enterprises, it feels entitled to a standard of living similar to that of the bourgeoisie. In countries like the Soviet Union and China, where the bourgeoisie was eliminated, the upper technobureaucracy does not have this argument supporting a much higher share of income than workers. On the other hand, the egalitarian ideology of socialism, condemning the distinction between manual and intellectual labor, make this differentiation difficult. Whereas the ideology which values intellectual labor over manual labor is deeply entrenched in capitalist countries, in statist social formations this ideology is officially condemned. There is no ideological legitimation for high income differential.

This does not mean that an egalitarian society exists in the Soviet Union. In 1972, when the minimum wage was 60-70 rubles and the average wage 130 rubles per month, Mervyn Mathews estimated that close to 0,2% of the labor force was made up of an elite who earned salaries higher than 450 rubles per month (1978: 22).

These differences, which include indirect earnings, are sufficient to demonstrate that class differences have not disappeared in the Soviet Union. Yet they reveal that the differences are smaller than in capitalist countries. Mervyn

Mathews' explicit objective is this research was "to prove that political, economic and social privileges exist under communism" (1978: 7). Yet, at the end of the book, the author admits that "the family of the Soviet elite in the beginning of the seventies has a standard of living approximately equal or perhaps a bit lower than the average North American family" (1978: 177).

It is beyond all doubt that we can speak of classes in the Soviet Union: a dominant class of technobureaucrats and a class of manual laborers. From the economic point of view, these class differences are minor. Within the technobureaucracy, only small percentage of the top-level administrators of the Communist Party, the government and the large State enterprises attain a standard of living clearly differentiated from that of manual laborers. Yet even in this case the differences are considerably smaller than in capitalist countries. On the other hand, social mobility, though limited, is greater in the Soviet Union and China than in the capitalist countries.

## **5. Classes as Fluid Layers**

These considerations make it clear that theories of social class formulated to explain capitalist societies should only be applied with the utmost care in the analysis of a social situation like the Soviet Union. In fact, in the statist social formations we can only speak of social classes in a broad sense, to the extent that we can identify technobureaucratic relations of production, and divide the society into a dominant class who has, in varying degrees, control of the bureaucratic state organization, and a dominated class, formed by operative workers. Whereas the workers receive wages directly related to their productivity, the technobureaucrats receive salaries which depend upon their hierarchical position in the state organization.

However these distinctions based on the insertion of the two groups in the relations of production should not be too much emphasized, because, to the contrary of capitalism, which is a class society in the strict sense, where the economic element is fundamental, in statist societies, the classes, broadly defined, take on the nature of relatively fluid social layers, characterized by great social mobility, where the political factor plays a fundamental role. More specifically, we have a technobureaucratic class which should be divided into at least two layers - the upper and the middle technobureaucracy - and a class of workers which also can be divided into layers. The differences between the middle technobureaucracy and the workers, in terms of income, prestige and power, are few. Even the differences in terms of income between the upper technobureaucracy and the other layers of society are small. What fundamentally

distinguishes the upper technobureaucracy from the rest of society is the fact that prestige and power are concentrated in its members.