

CHAPTER 16

CLASSES IN CLASSICAL AND CONTEMPORARY CAPITALISM

Up to this point I have been examining the concept of social class within the bounds of pure modes of production. At this level of abstraction, each mode of production only allows for two classes, the dominant and the dominated. In these terms, the aristocracy is the dominant class in feudalism and can only be found in this mode of production, just as the bourgeoisie and technobureaucracy are respectively the dominant classes in capitalism and technobureaucratism, and only can be understood in this context.

However, if we move from this level of abstraction to that of the social formations, of the existing social systems, the rigid dual character disappears. Whereas a mode of production is an abstract model of how societies historically organize the production and circulation of goods as well as the appropriation of economic surplus, social formations are a much more concrete representation of social reality. When we make use of the concept of social formation, we are still dealing with an abstraction, though to a considerably lesser degree than with modes of production. A social formation is a concept which giving us an opportunity for a more precise description and analysis of a giving social system than the concept of mode of production. For example, we can talk about the English social formation at the beginning of the nineteenth century or the Brazilian social formation of today, and try to describe them in detail. Although very different, capitalism is dominant in each. If we restrict ourselves to the basic characteristics of the capitalist mode of production, our analysis will not go very far.

A social formation is a historical reality in its own right as well as a model of this reality at a relatively low level of abstraction. A mode of production is also a historical reality, but conceived at a much higher level of abstraction. A concrete social formation involves overlapping modes of production. It is hard to find a social formation in which only the dominant mode of production exists. That is to say, it is hard to find a mode of production in its pure form. Social formations are always mixed. In each social formation, we encounter vestiges of one or more previous modes of production, a clear evidence of the dominant mode of production and signs of an emerging mode of production.

For example, England at the beginning of the last century can be defined as a social formation which was already dominantly capitalist, although it still displayed strong traces of feudalism. Ricardo's description and analysis of this society identifies three classes: landowners, capitalists and workers. The landowners were clearly holdovers from a previous mode of production. If we

want to be more specific, we could describe the English social formation of that time as a transition from mercantile capitalism to industrial capitalism. Furthermore we could note the existence of a petty bourgeoisie made up of craftsmen and peasants as vestiges of simple commodity production.⁷¹ Today the social formation in the industrialized countries is technobureaucratic capitalism.

If we were to describe the Brazilian social formation of the last quarter of the twentieth century, we would define it as dominantly capitalist but with considerable technobureaucratic control. Thus it is also a case of technobureaucratic capitalism. State intervention and the growth of large corporations increased consistently between the 1930s and the 1970s but, with the deep economic and fiscal crisis of the 1980s, a reversion of this tendency was observed, accentuating the cyclical character of state intervention. There are still vestiges of pre-capitalism in Brazil; the marginalized sectors of society are functionally integrated in the process of capitalist accumulation; a technobureaucratic class, which assumed political power during the authoritarian regime (1964-1984) has lost a considerable part of its influence to the dominant capitalist class since the process of redemocratization began, but in the long run it will probably continue to grow in the public and private sectors of Brazilian society.

1. Landowners, capitalist and workers in classical capitalism

Since social formations have a mixed character, we cannot speak of only two classes. The origin of the concept of class in Marx's writings probably comes

⁷¹ Concerning simple commodity production, see Kevin D. Kelly's analysis (1979). The author maintains that an "independent mode of production" exists in which people produce primarily for their own consumption and only incidentally for the market. The difficulty in accepting this idea lies in the fact that there has been no historical identification of a society that has been integrally organized in such a way. If this is not a non-antagonistic mode of production like the primitive community, then where is the state and its corresponding classes? The existence of small scale commodity production in the Asiatic mode of production, in feudalism and in capitalism is beyond question. This suggests that in addition to modes of production, we can also consider special forms of production which do not specifically belong to any general mode of production, but are useful for understanding and analyzing concrete social formations.

from Saint Simon and Ricardo.⁷² The latter's influence on both Marxist political economics and class theory is apparent. When he writes on the question of social classes in his last, unfinished chapter of the third volume of *Capital*, Marx states that there are three classes in capitalism, defined, as in Ricardo, by their role in the relations of production, and thus by the revenues they receive:

The owners of mere labour-power, the owners of capital and the landowners, whose respective sources of income are wages, profit and ground-rent - in other words wage-laborers, capitalist and landowners - form the three great classes of modern society based on the capitalist mode of production (1894: 1025).

In other words, in the English social formation that Marx was acquainted with - the social formation that in this book we are calling classical or competitive capitalism -, "modern society" was dominantly capitalist (since it was based on this mode of production) and yet divided in three fundamental classes - the bourgeoisie, the proletariat and the landowners. Though it existed, the technobureaucracy, or the bureaucracy, is not mentioned by Marx, since it was inexpressive as a class. At that time, it was no more than a status group with no real social definition. The bourgeoisie and proletariat are classes specific to the capitalist mode of production, whereas the landed class was a legacy of feudalism. If we were to look at the English social formation of the sixteenth century, on the other hand, we would probably also see three classes: landowners, serfs and bourgeoisie. The first two correspond to the dominant mode of production, feudalism, while the latter was already signaling the emergence of a new mode of production.

2. Three basic classes in contemporary capitalism.

In contemporary technobureaucratic capitalism, these are also three basic social classes. The social formations in the central rich countries and also in the ones characterized by industrialized underdevelopment are dominantly capitalist, but increasingly technobureaucratic. "Increasingly technobureaucratic" does not mean increasingly statist, although we are using the words "technobureaucratic" and "statist" indifferently to define the mode of production where the only bureaucratic organization is the state in ideal terms. A new technobureaucratic class is emerging in these social formations, both at the level of large private enterprise and the state. The bureaucracy is no longer a status group made up of

⁷² See Anthony Giddens (1973: 23-25) regarding the influence of Saint Simon on Marx's theory of class.

state officials, but rather a private and state technobureaucracy, involved in military and civil life, working for the state and for the big corporations.

This new class is becoming the heart of the new "middle class" in contemporary society, or more precisely, the new middle strata. Just as the bourgeoisie was the middle stratum par excellence of the eighteenth and nineteenth centuries, the technobureaucracy is in the contemporary middle strata. When capitalism was coming into its own as the dominant mode of production, the middle sectors of the emerging bourgeoisie as well as small-scale commodity producers, peasants and craftsmen made up the middle strata, many of whom became members of the bourgeoisie.

In his fundamental work on American middle strata, C. Wright Mills identifies these two groups as the "old middle class" and the "new middle class". The latter basically corresponds to the technobureaucracy, since Wright Mills defines the new middle class in broad terms:

The great bulk of the new middle class are of the lower middle-income brackets, but regardless of how social stature is measured, types of white-collar men and women range from almost the top to almost the bottom of modern society (1951: 64).

Today we see a certain number of technobureaucrats at the lowest strata and other at the highest ranks of the social ladder, together with the top level of the bourgeoisie, but most of the technobureaucrats are in the middle strata.

These new middle strata have increased at an extraordinary pace. In referring to the United States, Mills states:

In the early nineteenth century, although there are no exact figures, probably four-fifths of the occupied population were self-employed enterprises; by 1870, only about one-third, and in 1940, only about one-fifth, were still in this old middle class. Many of the remaining four-fifths of the people who now earn a living do so by working for the 2 or 3 per cent of the population who now own 40 or 50 per cent of the private property in the United States. Among these workers are the members of the new middle class, white-collar people on salary (1951: 63).

In 1870, excluding the upper bourgeoisie, the old middle class corresponded to 33% of the population, the new middle class to 6%, and the workers to 61%; in 1940 these percentages changed to 20, 25 and 55% respectively (1951: 63). As the ranks of the old middle strata as well as wage workers decreased, those of the technobureaucrats who received monthly salaries increased.

Based on these data for 1870 and 1940 and on Erik Olin Wright's data for 1969, we can tentatively reconstruct the evolution of social classes in the United States (Table 16.1). The old middle class and the new middle class, according to Wright Mills' classification, correspond basically to the bourgeoisie and the

technobureaucracy. Olin Wright (1978: 56) used somewhat different criteria to divide American society, but actually they are consistent with Wright Mill's or mine. He built a social matrix, using two columns ("self employed" and "wage earners") and two lines ("mental labour" and "manual labour"). If we consider all the manual laborers as the workers, the self-employed mental laborers as the bourgeoisie, and the wage-earners (actually salary-earners) mental laborers as the technobureaucracy, for 1969 we will have only 8 per cent for the bourgeoisie, 51 per cent for the workers and already 41 per cent for the technobureaucracy. As can be seen in Table 16.1, while the workers and specially the bourgeoisie relatively diminished, the technobureaucracy increased sharply from 1870 to 1969.

Table 16.1 Evolution of Social Classes in the U.S.A.

	1870	1940	1969
Bourgeoisie	33	20	8
Workers	61	55	51
Technobureaucracy	6	25	41
Total	100%	100%	100%

Source: C. Wright Mills (1951: 63) and Erick Olin Wright (1978: 56). Bourgeoisie corresponds to the "old middle class" in Wright Mills and to the "self-employed mental laborers" in Olin Wright; technobureaucracy corresponds to the "new middle class" in Wright Mills and to the "wage earners mental workers" in Olin Wright.

Val Burris (1980) has also conducted a study on the development of the technobureaucracy or new middle class. The results are more modest, but perhaps more precise. He classifies the new middle class according to two criteria: whether one works in the public or private sector, and the type of activity performed. He divides the latter into four categories: the supervision and control of the labor process (managers, foremen, technical supervisors, etc.), the reproduction of capitalist social relations (teachers, social workers, health professionals, state administrators, lawyers, cultural workers, etc.) the accounting and realization of value (professionals, sales, accounting, banking, finance, insurance, etc.), and the transformations of the technical means of production (scientists, engineers, research technicians, etc.) (1980: 29). The results of his study, based on the United States census, appear in Table 16.2. They show that the new middle class positions accounted for 6 per cent of the U.S. labor force in 1900 and for twenty-five per cent in 1978.

Table 16.2 New Middle Class Positions Within the U.S. Labor Force: 1900 to 1978

	1900	1920	1940	1960	1978
Total (in thousands)	1,605	3,785	6,026	12,240	23,885
% of Labor Force	6.0	9.5	13.3	18.9	25.3
Sector (% of labor force)					
Private	3.7	6.8	9.6	14.1	18.3
State	2.3	2.7	3.7	4.9	7.1
Function (% of labor force)					
Supervision	1.6	3.1	4.1	6.3	7.9
Reproduction	3.2	3.9	5.2	6.2	9.6
Realization	0.9	2.0	3.3	4.1	5.2
Technological innovat.	0.3	0.5	0.7	2.2	2.6

Source: Val Burris (1980:30)

Daniel Bell (1979) divides employment in the United States into three groups: white collar (professional, technical, sales and clerical), blue collar, and service workers (private household and other services). He shows the enormous growth of the white collar sector, which is roughly equivalent to the new class under consideration. According to his projection, white collar workers would represent 51.5% of the American work force by 1985 (Table 16.3).

Whatever the criteria is used for classification and inclusion in this new class, we can see that the growth of the technobureaucracy in contemporary social formations that are still predominantly capitalist has been extraordinary.

Table 16.3 Employment by Major Occupational Groups in U.S.

	1940	1974	1985 projected
White Collar Workers	31.0	48.6	51.5
Blue Collar Workers	35.8	34.6	32.6
Services Workers	11.7	13.2	14.1
	100.0	100.0	100.0

Source: Daniel Bell (1979).

Following the same basic structure used in Figure 1, we go on to describe a mixed contemporary social formation - technobureaucratic capitalism - in Figure 2. In terms of social strata, we see a marked increase in the middle strata, which now includes some workers. In terms of social class, we see the technobureaucracy emerging as a third class, since we are not analyzing a pure mode of production but rather a social formation. This new class extends into both the upper and lower strata. The bourgeoisie and the working class have made way for the increasing numbers of the technobureaucrats as the arrows indicate. The middle strata and the technobureaucracy are expanding. The former are largely made up of the new middle class, white collar workers, but middle-level bourgeois and skilled workers also constitute part of this strata.

Figure 16.1 Strata and Class in Technobureaucratic Capitalism

The upper technobureaucratic stratum is formed by what Galbraith (1967) called the "technostructure". Becker and Sklar called it a "managerial bourgeoisie" or a "corporate and international class", mixing capitalist and technobureaucratic social actors. According to them the new social class encompasses "the entrepreneurial elite, managers of firms, senior state functionaires, leading politicians, members of learned professions and similar standing in all spheres of society" (1987: 7). The alternative that I am presenting in this book is on one hand to clearly distinguish the upper bourgeoisie from the upper technobureaucracy and on the other hand to register that in technobureaucratic capitalism the two social classes are associates.

Becker's and Sklar's "postimperialist approach", however, is very interesting first, as it realistically acknowledges the emergence of the new class in the industrialized countries, and second, as they postulate that in the developing countries a "managerial bourgeoisie" is linked by ties of mutual interest with the corporate international bourgeoisie. Jeff Frieden, however, is correct when he warns that the "managerial bourgeoisie" will not necessarily continue to grow in importance and hegemony in the developing countries (1987: 182). In Brazil the technobureaucratic class lost political power since mid 1970s, when the transition to democracy began (Bresser-Pereira, 1978).